April 1957

LONG BEACH—A BUSTLING COMMUNITY

LONG BEACH, California's ideal city, is easily reached from every part of the world by plane, train, boat, bus, or automobile. There is plenty of deep-sea and surf fishing, sailing on Alamitos Bay and the blue Pacific, and speedboat racing. One may enjoy a harbor excursion and there are band concerts daily the year round.

Hollywood Park and Santa Anita offer the best in racing while "big-time" football, basketball, hockey, and tennis matches in the vicinity feature the nation's leading stars.

There are excellent hotels, motels, apartments, and eating places to provide accommodations and fare for every pocketbook.

The city has an ideal climate, with a mean winter temperature of 55 degrees and a summer average of 70 degrees—which keeps the inhabitants healthier and happier.

Long Beach, now a bustling community of 320,000, boasts one-fourth of California's oil production. It is one of the nation's largest and most modern shipping ports. A large municipal airport is located seven miles from the downtown district. Famous firms are located here, such as: Ford Motor Company; Procter & Gamble; Dow Chemical Company; Monsanto Chemical Company; Ohio Rubber Company; Douglas Aircraft; North American Aviation; Johns-Manville; Robertshaw-Fulton Control Company; Mastic Tile Corporation, and many others.

Long Beach is the home of the Long Beach Credit Association. The unit was organized in 1915 and Karl M. Gibbs has been manager for over 20 years.

The Credit World

Only Publication Serving the Entire Field of Retail Credit

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NATIONAL RETAIL CREDIT ASSOCIATION

375 Jackson Ave. St. Louis 5, Missouri

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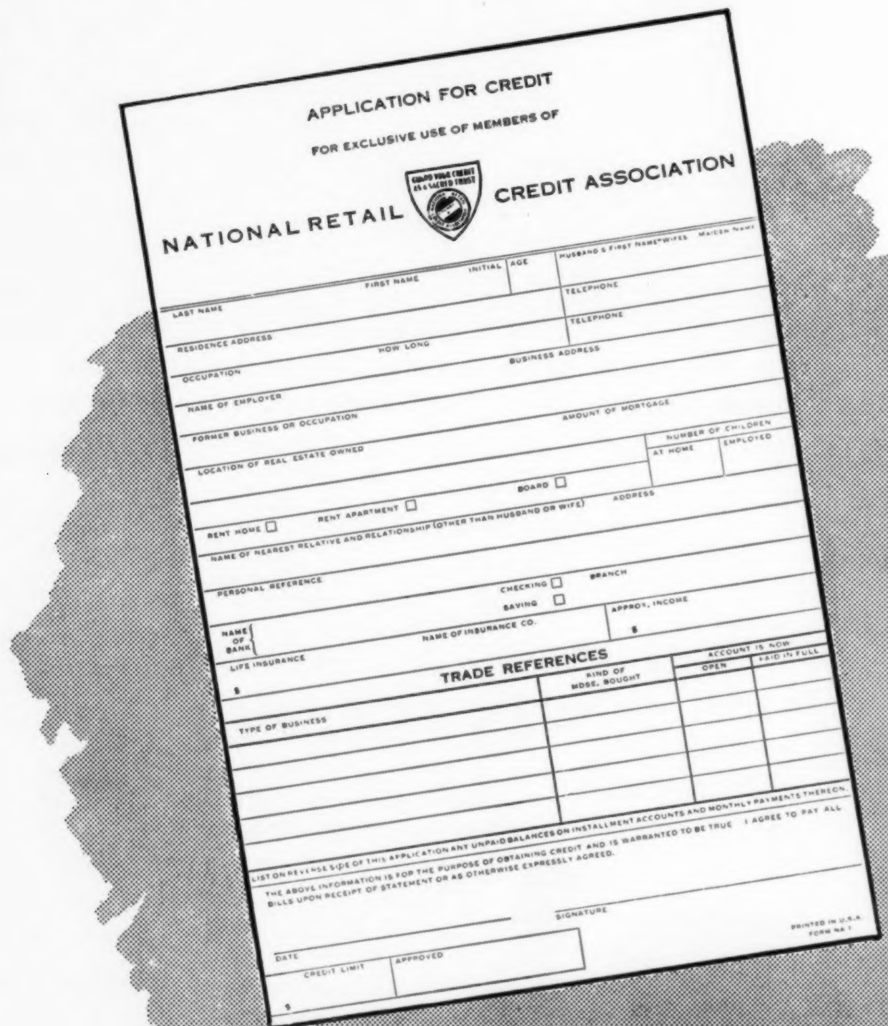
APPLICATION FOR CREDIT

FOR EXCLUSIVE USE OF MEMBERS OF

NATIONAL RETAIL CREDIT ASSOCIATION

LAST NAME | FIRST NAME | INITIAL | AGE | HUSBAND & FIRST NAME—WIFE'S MAIDEN NAME

RESIDENCE ADDRESS | TELEPHONE

OCCUPATION | HOW LONG | TELEPHONE

NAME OF EMPLOYER | BUSINESS ADDRESS

FORMER BUSINESS OR OCCUPATION

LOCATION OF REAL ESTATE OWNED | AMOUNT OF MORTGAGE

NUMBER OF CHILDREN: AT HOME | EMPLOYED

RENT HOME ☐ RENT APARTMENT ☐ BOARD ☐

NAME OF NEAREST RELATIVE AND RELATIONSHIP (OTHER THAN HUSBAND OR WIFE) | ADDRESS

PERSONAL REFERENCE

NAME OF BANK | CHECKING ☐ SAVING ☐ | BRANCH

LIFE INSURANCE $ | NAME OF INSURANCE CO. | APPROX. INCOME $

TRADE REFERENCES | KIND OF MDSE. BOUGHT | ACCOUNT IS NOW: OPEN | PAID IN FULL

TYPE OF BUSINESS

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SIGNATURE

DATE | CREDIT LIMIT $ | APPROVED

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The CREDIT WORLD

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Four Other Highlights

Eight Departments

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The Retail Outlook

J. Gordon Dakins

***Executive Vice President,* National Retail Dry Goods Association**

New York, New York

J. GORDON DAKINS

(An address given at the annual meeting of District 11, Long Beach, California, February 18, 1957)

I KNOW YOU are aware of the significant contribution retailing has made to the economic growth of our country. It is a record of progress in its most concrete form. The basic principles of retailing, the science of buying and selling, the expert craftsmanship of merchandising, are all the foundations of today's living. They are the basis for international relationships, the milestones in our modern society and the guideposts into tomorrow.

As I look to the future, I have no reason to be other than optimistic about the future of our economy and our future as merchants. My optimism is based on the fact that we are living in a strong and healthy economy. It is an economy whose two great components, production and distribution, form a team which has created for us the highest standard of living in the world.

There is nothing in the general business outlook that suggests a severe setback to business activity. We have just come through a year where business soared to record levels and we still have boom conditions in this country—higher per capita income than ever before; the greatest population; the fastest increase in population we have ever had; more people at work earning more wages. Although the rate of growth may not be as volatile as that of last year, all signs are that business is headed for new peaks in 1957. To give you some idea of what lies ahead, these are the records which the economists believe will be chalked up this year: the gross national product will rise from $412 billion to a new peak of about $430 billion; personal income will advance about five per cent to $340 billion; and consumer spending will climb to more than $280 billion, also a new high. There does not seem to be any good reason why the steady climb in consumer spending that has been going on since 1939 should falter in 1957.

There are a number of psychological factors which account for the willingness of consumers to buy. *First* is consumer optimism. Today's customer has confidence that his own economic future is secure. Solid facts back up this optimism. His wages are at an all-time high. He has built-in guarantees of the future in welfare funds, retirement benefits, and Social Security. Employment is at a record level.

Second, there is the desire for prestige. A new dress, an air-conditioner, a color television set sold to one person in a neighborhood creates a buying desire in many others in the same group. Clothing, too, will benefit from prestige buying. The pattern of buying clothes is changing. People are not only accustomed to buying more expensive clothing; they are buying more of it. Thirty years ago, the average man had a suit for business and one for Sunday. Now he has four or five suits and sports clothes ranging from lounging garments to hunting jackets.

Third is the desire for better living. The urge here is not only for finer living but for easier living. Examples of the effectiveness of this urge are power lawn mowers and pre-cooked, pre-prepared, and pre-proportioned foods.

Fourth, and last, is the willingness to take on more debt. The attitude toward debt has changed since World War II. In 1939 consumer debt outstanding was just over $7 billion. Today it is $40 billion and going up.

In view of the presence of these favorable psychological factors, there is every reason to believe that the year ahead, just as the year which has just passed, will be a good year for retailers. Unless consumers drastically change their buying habits, more goods, worth more money, will be sold by retail stores than at any previous time in history. It is quite probable that people will buy $200 billion worth of goods in stores, $8 billion more than they spent in 1956. As for the nation's department and specialty stores, their sales should average about three to five per cent higher on a dollar basis than last year. The increase in units will not show the same gain as dollar sales, partly because of slightly higher prices but mainly because of continued trading up and the increased sale of higher-priced merchandise.

All signs point to a continuation of the rise in soft-goods sales. Both the favorable economic climate and the late Easter will contribute to the rise in sales of apparel and home furnishings. Easter this year is on April 21 as compared with April 1, 1956. Another reason apparel should be the strongest merchandise category in 1957 is the fact that the new fashions for spring are more beautiful than ever, more colorful, more wearable, and more valuable. Customers will be offered an excitingly new and wide selection of top-quality merchandise which will satisfy the most exacting demands of the most discriminating shopper. So with the right promotion, it should not be too difficult to loosen the strings on purses that will be mostly well filled.

No Cause for Alarm

As for prices, I see no cause for alarm. Prices for most goods today are at a level which the public feels is right. This does not mean, though, that prices will not rise. In fact, there are signs present that point to an upward adjustment in prices at the retail level; but there is absolutely no reason to believe that prices will rise to a point that will drive customers out of the market. Rather I would venture a guess that the months ahead will witness a moderate advance in retail prices averaging about two per cent. Competition alone will prevent any major price advance.

In fact, 1957 may well be the most competitive year since the 1930's. It will be hardest on the smaller stores. The hard sell is here to stay—it will take harder

selling and advertising to get customers to buy all the goods our expanding and highly productive factories will be turning out this year. Only superior facilities, promotion, and constant attention to consumer wants will boost the sales gains up to expectations. It is a time for aggressive policies and closer controls, a time when retailers cannot rest even for a moment on their laurels.

Another problem which retailers face is the rising cost of doing business. The high expense ratio still represents the biggest obstacle to profit. I doubt very much whether profits in the first half of 1957 will be much higher than those of last spring. Expense control in every phase of operation will be the key to department store profitability in this period of expansion, brisk competition, and rising costs.

To earn a fair profit, we have to become more efficient. For instance, it might pay your store to learn more about Merchandise Management Accounting, the new concept of charting costs which was unveiled at NRDGA's Convention in New York in January and which actually applies cost-accounting principles to retail merchandising. By means of this system, retailers will be able to determine the return on their investment per dollar of inventory by item and by department. Merchandise Management Accounting manifestly is in its infancy. It stands today where Expense Center Accounting stood five years ago. It is worth looking into; it can mean great savings to your store.

Then there is the matter of promotion. Your advertising attack must be strong enough to cause people to answer your invitation to come into your store and at least look. A good ad is good writing. A good display should be good-looking. A good display, like a good ad, must be interesting—you cannot be interested until something stirs you or stops you or tickles your fancy.

Here is something else to think about. In this age of the hydrogen bomb, people in masses are changing their thinking, their working, their living. That means that retailing, which is close to people every day, must change its thinking and its method of operation at least as fast as the customer it wishes to serve. Throughout our business lives we look for practical answers to the same questions: "What do people want today? What will they want tomorrow? And why?"—and throughout our lives the answers change as the pace and pattern of people themselves change.

The Manufacture of Customers

As retailers, we are engaged in the most intriguing, challenging, hazardous, and rewarding enterprise of all—the manufacture of customers. But unlike manufacturing products, our problems and our answers are neither scientific nor precise. But then, neither (thank Heaven) are people. Our answers, however, can be productive, which is what counts. What we must do is reappraise and re-evaluate every facility we use, every service and method we adopt, every policy we espouse and make it answer the question, "Is this the best way to do it in 1957?" Every policy decision we make must be balanced against that concept.

Unfortunately, there are too many stores today in the just-so-so category—no longer innovators. We need to be willing to try new ways of doing things. We need to let our young people try out some of their ideas. Maybe you tried the same things 20 years ago and they went sour. Who knows? They may pay off this time! So when you see or hear about some new idea, do not be like the fellow who says, "We can't do that. We've never seen it done that way before." Instead say, "That sounds like a good idea. Let's do it!"

Now let us look at another problem which needs attention; the problem of getting more recruits for retail careers. It is no secret that for the past few years retailing has not been attracting its fair share of college and high school graduates, and yet we need more trained people than ever before because of the growth of branch stores and the many changes that are taking place in our industry. Stores need the strength and vision, the imagination and enthusiasm, that college graduates can bring into their ranks. They need people who will find the right answers.

Rewards of a Retail Career

Not only are we in competition with other industries for the best young brains of the nation, but their efforts have been more dramatic and forceful. Nor have we done a good job in making available to the students, the placement officers, the professors, and the general public the true facts about the rewards of a retail career. Retailing does not have to be apologetic about what it offers in the way of a career, but we need to adopt more positive and aggressive measures to get our share of the recruits. We have to spell out to the public at large what retailing has to offer. This is something every merchant must deal with himself. It will also pay him to join with his fellow merchants in his community to start a program at the upper high school level to tell young people what retailing is all about—its opportunities and the pleasant working environment that dealing with people provides.

And retailing has a story to tell! For instance, advancement is fast because of the high proportion of jobs requiring executive responsibility. Retailing also offers rewards in addition to money. Perhaps the greatest of these is the interest and challenge of an executive job in a store, the exercise of judgment required of a buyer, the imagination required of an advertising executive, or the leadership of those in the operating divisions. There is a special attractiveness about retailing for women. In what other fields is so high a proportion of the executive staff composed of women?

If the young people only know it, retailing offers most, if not all, of the things they consider important. Certainly there is no other field in which the opportunities for ambitious young people are so numerous, so rewarding, so challenging, and so satisfying. But we must get our story across. That is why I suggest that you make this a part of your program for 1957 nd beyond.

Another important feature of retailing's program for 1957 might well be a determination to become more active in preserving our position downtown. In many communities, we have allowed our downtown districts to degenerate. Traffic problems have multiplied, parking facilities have not kept pace with the great increase in automobile registrations, and buildings, including stores, have been allowed to run down. This has been

partly due to the preoccupation of many business interests, including retailers, in the rapidly expanding suburban areas. That is where the shining new branch stores have been built in the past few years with ample parking and every other convenience for the shopper's comfort. This is a familiar story to all of you. But it is quite evident that the glamor of these new suburban shopping centers has caused many of us to lose sight of the need for an active and constructive downtown program.

It is important to realize that the trend toward the suburbs does not put the downtown store out of the business picture. On the contrary, the downtown shopping area still has immense drawing power unmatched by any regional shopping center. Customers like it for the very reason that creates shopping centers in the first place: they like it for the variety of goods available, for the ranges of sizes and colors, and for the delivery service it provides.

Purpose of Shopping Centers

Similarly we must not lose sight of the fact that shopping centers were not and are not being built to drain off downtown volume. Their purpose has been to acquire new business from new population groups. They are serving a new trade, a trade which is not necessarily competitive with downtown. Actually, it seems to me that in the not too distant future shopping centers will be more in competition with one another than with the downtown stores. What is more, there can be little doubt that the success of all perimeter developments will always depend on the continuing good health of downtown.

But we cannot expect the American consumer to shop downtown just out of sympathy for our downtown business districts. To hold the downtown customer we must do those things which will attract her trade, and, having done these things, we must use every publicity medium at our command to keep her informed of the conveniences and advantages of shopping downtown.

The need for vitalizing downtown, however, cannot be met merely by sporadic modernization attempts by individual stores. It must be viewed as a community project with great emphasis laid on untangling the traffic and parking snarls which threaten to choke off our trade. We must work with other groups such as real estate men, bankers, business leaders, architects, and community officials to bring order out of chaos.

What is needed is an organization of a small but representative group of business and civic leaders to establish a program which has as its sole objective an economically, culturally, and socially strong downtown. The members of this group must be men willing to devote their own time to the common good. They must be men whose recognition of the problem and will to conquer it are as strong as their reputations and standing in the community. They must be men who recognize the truth that there is no problem which cannot be solved if well-intended citizens join together with a determination to find a solution. Actually, it makes good sense for businessmen to band together. After all, you can cut a lot more hay with a mower than with a hand sickle. Someone has said:

Towns are not made by men afraid
Lest someone else get ahead.
When everyone works and nobody shirks
You can lift a town from the dead.
And if, while you make your personal stake,
Your neighbor can make one, too,
Your town will be what you want it to be,
For it isn't your town—IT'S YOU!

Second, the program to be adopted must have a number of objectives, namely, the elimination of blighted areas, the improvement of traffic conditions, the creation of means for rapid mass transportation, the provision for off-street parking facilities, and the attraction of private capital for construction to vitalize the area. Such a program also requires a sympathetic attitude at City Hall. It will call for lots of time and money.

Downtown More Than a Business Center

If I were to attempt to place downtown in its proper perspective, I would say that downtown is more than a business center. *Downtown is everybody's business*—and only when everybody makes downtown his business will our downtown business be able to uphold its right-

ful role as the "world's greatest shopping center." The future of downtown will be determined by the vision, the vigor, the determination with which we try to make it what it ought to be. But, remember, little plans will not do!

The subject that will be of particular interest to you is The Use of Credit as a Selling Tool. Retailers have used this tool with great skill in the past and there is no doubt that sound credit practices can be employed to create an economy of demand and abundance. I believe that sound credit will continue to play an increasingly important role in maintaining and expanding consumption in 1957.

I do not have to tell you that credit has become a national habit. As someone has put it, "The thing for which you have to give Americans credit is their standard of living." Credit buying has become the American way of possessing things. Buy on instalments; pay as you go. That is the way today's generation buys things—from houses and television sets to round-the-world trips.

The typical instalment user today is usually the head of a family, is between 18 and 45 years of age, has an income of from $3,000 to $7,500 a year, and often has sizable financial assets. He has committed himself to a program of monthly payments in order to acquire an equity. To him these payments are essentially savings—and when you stop to think about it, what more sensible use of savings is there than their purposeful application to an improved standard of living for the saver himself and his family? This is investment in life itself.

Concern has been expressed in some quarters over the size of the consumer debt. That it is high is true. In December, 1956, total consumer credit outstanding hit a peak of $41,863 billion with instalment credit outstanding alone amounting to $31,552 billion. But measured against personal income, against consumer discretionary spending power, and against consumer assets, consumer debt is not out of line. If credit were in an unhealthy condition, we could expect to see heavy losses recorded. Credit losses, however, are still low—about the same as they were before World War II when credit volume was much smaller. Does this indicate an overextension of consumer credit? Certainly not! If anything, use of consumer credit needs to be expanded, not contracted. If mass demand is to be sustained and progressively expanded, the average family must be able to continue its sound use of instalment credit. Its volume must grow to keep pace.

Government Regulation of Credit

The idea that government regulation of credit can save consumers and retailers from their own alleged folly is not borne out by the facts. The experience of Sears, Roebuck & Company indicates that mere government regulation of terms does not create sound credit. The average American knows better than anyone else the extent to which he can safely obligate himself, and can be relied upon to do a far better policing job than any government-imposed regulation can do. I see no need for government credit control on either a stand-by or a permanent basis. So long as credit is extended on the basis of the integrity of the consumer on terms which insure an adequate build-up of the customer's equity, government regulations are unnecessary.

It is obvious that top management recognizes the credit department as a major sales producer for the store. Credit executives are attaining the relative recognition in the retailing family that they rightfully deserve. But it rests with you individually to earn for yourselves and the entire credit profession the prestige and remuneration you are seeking. In short, a healthy economy depends on your ability to sustain consumer purchasing. Make it your business to see that we move forward to an ever higher standard of living with sound credit.

And now, just one more point. I have already indicated my optimism about the retail outlook. It is an optimism based on my confidence both in the nation's economic health and on retailing's ability to reach new heights of achievement. I believe this optimism is shared by most businessmen; but they also share with me a horror of the word "complacency." In today's competitive economy, we cannot afford to be complacent for a moment. It is our responsibility to serve the American consumer in the best way we know how—to bring her the wealth of our country's great productive capacity as economically as we can. It is also our responsibility not only to satisfy but to create demand.

With recognition of these responsibilities—with optimism but without complacency—retailing can certainly look ahead to a bright future. I am sure that a good share of the prosperity that lies ahead will be yours!

ARTHUR E. KAISER

Summary and Analysis of the 20th Annual Conference of District 11,

Long Beach, California, February 16-19, 1957

L. C. LOCKLEY

Arthur E. Kaiser

***Credit Consultant,* West Covina, California**

AFTER A welcoming address by Howard F. Conrad, president, Walker's, and president, Long Beach Credit Association, he introduced Lawrence C. Lockley, dean of the School of Commerce, U.S.C., who addressed us on the subject "1957—What?" Here is a brief summary of his remarks:

1. We already know enough about 1957 to know that it will be, on the whole, a good year.
   Housing, the automobile market and, to a lesser extent, the major household appliance market may fall behind our hopes. That means the consumer credit business must be alert to find new and constructive applications for credit.
   Consumer credit is not necessarily at a dangerous height. Its relationship to gross national product does not vary dangerously.
2. What will business be like during the coming year? There should be a steady rise in:
   - a—Gross national product
   - b—Personal incomes
   - c—Wage and salary disbursements.

   But for the first time, this rosy picture is a little faded at the edges—productivity is not keeping up with the rise in incomes. That means we are losing our close control over inflation, and is why the Federal Reserve Banks have raised the discount rate. This action may be a little tardy.
3. Until World War II, vigorous selling methods were the basis for the introduction of new items into our standard of living. Wartime conditions of merchandise shortages and price control took away aggressive selling necessity.
4. The Employment Act of 1946 requires the executive branch of the government to maintain high production and full employment, causes the government to inject more money into our credit flow whenever there is a lag in employment, and still further detracts from the willingness to compete and to use vigorous selling methods. There is a feeling that business has the *right to a market!* Other measures which prohibit or decrease competition are the Green River Ordinance; fair trading; short retail hours; complaints of "unfair" outside selling.
5. The action of the Federal Reserve Banks of raising discount rates in order to control inflation can influence the commercial banks and, to a lesser degree, the savings banks; but it cannot control the vast sums of money available through savings and loan institutions, insurance funds seeking safe investment, and pension and trust funds which may become a major financial factor.
6. Physical production seems to be decreasing in spite of wage increases. Profits are not as buoyant; venture capital has dried up at the source and a great deal of our building of plant and equipment is done by means of withheld dividends—and if dividends are a little off, stock prices should drop.
7. We have come to think that new money and inflation are the answers to all our problems. They are not—productivity is. We have detached prices and wages from volume of production, and thereby made their level political, rather than economic, issues.
8. Our new year will be a reasonably good one, but the goodness will not be spread evenly throughout our economy. If we want our prosperity to last, we must encourage more vigorous selling and re-establish the relationship between wages and productivity.

ARTHUR E. KAISER is a retired Credit Manager, Bullocks, Los Angeles, California. He is a past vice president of the National Retail Credit Association and is now an honorary life member.

"So What's New" Panel

BERNARD J. DUFFY

Bernard J. Duffy, president, Associated Credit Bureaus of America, presented a five-point program, adopted by ACBofA and covering a period of three years. It is directed toward the objective of credit granters better serving credit consumers through their member offices, and following the theme which has been adopted for the 43rd Annual International Consumer Credit Conference in Miami, namely: "To cooperate in the wider distribution of goods and services though the sound extension of credit for the benefit of the consumer."

While some of the features of this program call for voluntary participation, it is expected that their respective virtues will be so recognized as to obtain participation by a large majority of all bureaus and granters.

1. A Transfer Plan became effective February 15, 1957. This provides that when consumers move into the area of another bureau, the bureau of present residence will automatically send its credit report to the bureau of the new community. Thus the records of newcomers will be immediately available. Participation is voluntary.
2. To develop better reports and to meet the recognized need for a standard common language, each bureau, during National Retail Credit Week (April 28 to May 4), will send an extra copy of each report to the receiving bureau manager asking for constructive criticism. Objective analysis of these reports and criticisms is expected to result in better reports.
3. Faster and cheaper interbureau service is expected to

result from a private wire network, administered by Western Union, contemplated to be set up in 1957 between the major cities of the United States. This is the result of a four-year study; participation will be voluntary and the cost will be prorated among participating bureaus.

4. To stimulate better collection recovery by ACBofA collection service managers' training programs have been established for employees; a new manual has been developed for each office; and just recently an exploratory seminar was completed in St. Louis to provide specific help for medical-dental and hospital collections.
5. Realizing that every one of the 1,850 members of ACBofA should receive value from this organization, a visitation program will be conducted during the weeks April 24 to May 8 to build better relations between ACBofA member offices, and also to give every member a chance to discuss his operation with the ACBofA representative.

"New Looks in Credit"

DAVE C. EVANS

An interesting recital of the history, growth, and operation of the Diners' Club was presented by Dave C. Evans, its credit manager.

Started seven years ago by a New York attorney and a New York businessman.

Objective was to enable local businessmen to charge at a small group of restaurants by means of a credit card, and receive a single bill at month-end.

The idea caught on—charge establishments are now spread over the United States, Canada, Cuba, British Isles, Europe, Africa, Asia, Australia, and Central and South America, and card holders number close to 400,-000.

Charge establishments are carefully screened to insure service and conveniences for card holders, who pay a $5.00 yearly fee. Charge establishments pay a 7 to 10 per cent commission to Diners' Club.

It is felt that card holders spend more at charge establishments than they would on a cash basis, and these establishments report that their business has increased because of this plan.

Members accepted are given unlimited credit, or a "blank check." Credit investigation is based on a comprehensive application form and a careful credit check; 88 to 90 per cent of applicants are accepted.

Lost cards are replaced with duplicates with the same number unless forgeries arise, when a new number is assigned and the old number is publicized as a "stop credit" warning to charge establishments. Forgeries are but few.

Collections are closely followed—recoveries average 80 per cent in 30 days, and 99 per cent in 60 days. Losses are less than ½ of 1 per cent.

This is a 100 million dollar industry developed within the past seven years, and may exemplify what Dean Lockley referred to as a ". . . new and constructive application for credit."

"Evolution of the Charge Account"

In his paper on the Evolution of the Charge Account, Arthur E. Kaiser traced the growth of consumer credit from the early days of this nation, to the point in 1910 when retail stores did only 10 per cent of their sales on credit, and then to 1955 when a group of stores reported credit sales as over 60 per cent of their total volume. He pointed out that, while consumer credit of itself did not enable an individual to buy more than he could for cash, the promotion of credit selling and the lengthening and shortening of terms exercised a big influence on changing the buying and spending habits of individuals and afforded a temptation for these credit users to over-buy—or overspend. He emphasized the need, on the part of credit granters, for careful investigation of applicants; accurate controls against overselling; co-operation between merchants and credit bureaus; and adherence to the Code of Ethics of the National Retail Credit Association.

He presented to each of the delegates present a set of exhibits showing the workings of various types of the present-day "Chart Plan" accounts, and indicated the possibility that the future may bring forth one "All Purpose" account in which the customer could charge long-term instalment purchases; monthly purchases; and short-term instalment purchases; and which would give the customer the option of paying the account in full and paying no service charge, or of taking advantage of spreading his payments according to agreed-upon terms by paying a service charge.

He further recommended that everyone read and study the article by Henry C. Langer, Jr., entitled "Credit Is What You Make It," which appeared in the June, 1956, Credit World.

N.R.C.A. CODE OF ETHICS

1. To encourage the broadest use of consumer credit consistent with sound business principles and the welfare of the community.
2. To protect the interest of credit granters and customers alike by obtaining credit reports on all applicants for credit; by reporting to the credit bureau unsatisfactory experiences; and by declining to sanction unsafe credit risks.
3. To educate the public in the proper use of credit, as a relation of mutual trust, and to the value of establishing and maintaining good credit records.
4. To counsel and protect customers against the tragedy of going into debt beyond their ability to pay; to safeguard their credit standing by requiring payments according to agreement.
5. To co-operate wholeheartedly with other credit granters in matters of credit policies affecting the business welfare of the community and the public good.

"The Retail Outlook"

J. Gordon Dakins, executive vice president and treasurer, National Retail Dry Goods Association, New York, New York, gave an inspiring talk on "The Retail Outlook." His address is published in this issue of The Credit World.

"Small Business Credits in a Large Bank"

LLOYD MAZZERA

This subject was ably presented by Lloyd Mazzera, executive vice president, Bank of America, San Francisco.

He told us that the millions of units of small businesses throughout the country create the solid foundation of free enterprise on which the nation's economic system is based, and that the provision of banking service to the small business sector of our economy is an explicit responsibility of the American banking system. He cited three major essentials vital to the successful flourishing of small business: (a) a favorable climate in which to operate; (b) advice, support, and encouragement; and (c) a source of legitimate credit needs.

Mr. Mazzera then proceeded to tell us of the constructive part Bank of America is playing in aiding small business programs and individuals either in, or contemplating entering, a small business enterprise.

1. They have more than 80,000 different loans outstanding in the bank's more than 600 branches in California. The total is in excess of a third of a billion dollars and represents an increase of 14 per cent over the previous year. The average is $4,250 (none over $50,000) and ranged from a $500 loan to an independent gas station owner to a $37,500 advance to a small manufacturer.
2. As part of a new program the bank is helping the person planning to enter business to analyze his personal aptitude, character, managerial talents, and financial resources. They do this through the aid of a booklet entitled *You and Retailing—a Bank of America Small Business Guide,* which they give to a man planning to start a business and who comes to them for credit. This booklet . . .
   a. Presents the positive and negative sides of beginning a small business career;
   b. Includes work sheets on his personal financial situation, which, when completed, give the applicant and the bank lending officer an accurate yardstick for measuring his personal ability and credit needs;
   c. Is designed to help the applicant make up his own mind whether or not he should go into business for himself and his credit potential.

Mr. Mazzera believes this new technique of prospective borrower self-appraisal, when used and evaluated with care, can help us solve the knotty problem of what we can do for the man or woman who is just starting in business. If you can secure a copy of this booklet it will be well worth your study—perhaps some new ideas for retail credit interviewing and evaluation may grow out of such a study.

"Automation of Accounts Receivable"

RALPH F. LEWIS

This was the title of an address given by Ralph F. Lewis, C.P.A., national director of management services, Arthur Young and Company, New York, New York, who said in part:

1. Computers are electronic machines with these component parts:
   (a) Input; (b) storage; (c) control; (d) arithmetic; (e) processing; (f) output.
2. Input is by various means: (a) typewriter; (b) punch cards; (c) tape.
3. Storage type is determined by need and cost.
4. Output can be obtained through use of printer on (a) tapes, metallic; (b) punch cards; (c) paper tapes or lists.
5. These devices are bought for (a) experimentation takes a lot of capital and expenditure); (b) to keep up with the Joneses; (c) cost savings, which requires the reworking of an entire system and is a long and expensive job; and (d) better and faster information, which is the best application. As an example: it might be possible to post sales to the ledger at the time of the transaction, obtain credit information at once, produce collection speed-up.
6. The best application is where the volume is repetitive or a complex operation, where the information requires voluminous forms and is disseminated widely. In this case many multiple copy forms could be eliminated and consolidated into a rapid report.
   The accounts receivable operation alone would not, possibly, support the cost; this operation would need to be consolidated with other functions to be profitable. Rarely will moving an existing tabulating operation to a computer system prove profitable.
7. Large-scale computers sell up to $1 million and rent for $35,000 a month. Medium-scale computers rent for from $3,250 to $9,000 a month.
8. To study whether computers will be valuable a firm should study its entire operation and eliminate all non-essentials and build the resulting program into the device. (Possibly such a study would result in economies to the present system.)
9. Computers may fit into the Revolving Account process:
   (a) The big problem is input;
   (b) Results could be faster posting; better control; signaling of overdue accounts; immediate locating of exceptions. ★★★

Record Attendance at District 11 Consumer Credit Conference

Howard F. Conrad
***President,* Walker's Department Store, Long Beach, California**
***President,* Long Beach Credit Association**

A RECORD 540 credit people from California, Arizona, Nevada, and Hawaii attended the 11th District Twentieth Annual Consumer Conference in Long Beach, California, February 16, 17, 18 and 19, 1957. Conference participants were District 11, N.R.C.A.; the Associated Credit Bureaus of the Pacific Southwest; and the Golden West Council, Credit Women's Breakfast Clubs of North America.

Donnell V. Davis, credit manager of Buffums', was general conference chairman. Officers and directors of the Long Beach Credit Association were the conference hosts. Karl Gibbs is secretary-manager of the local credit bureau. B. J. Delsman, divisional credit manager of General Petroleum Corporation and president of the 11th District, National Retail Credit Association, presided at the general session programs.

The Credit Bureaus and Credit Women held their meetings on Saturday and Sunday, prior to the General Sessions on Monday and Tuesday. Principal business of the conference and featured speakers were scheduled during these general sessions held in the Long Beach Lafayette Hotel.

Our publicity chairman, Ed Alford, assistant credit manager, Buffums', developed a theme for the conference. This was used on all publicity before and at the conference, and entitled, "It's District 11 in '57!" Good advance publicity, with the complete program in the membership's hands a month before the conference, contributed much to the success of the meeting.

A Workshop Conference

This year the local committee tried something new. Special badges were made up for all Long Beach credit granters, entitled, "Information—Ask Me—Long Beach!" We set out to make this a "Workshop Conference." The usual banquet was discarded in favor of a heavier educational program on general session days. Breakfast and luncheons with featured speakers replaced the annual evening affair. This was an experiment and a pleasant change from previous programs. The newest innovation at this conference was presenting each conferee with a printed summary of the general session speakers at adjournment time. This summary was ably prepared by Arthur E. Kaiser, and placed something concrete in each member's hands to take home. It also provided an incentive to stay until the conference was over, as the summaries were handed out only to those in attendance at the closing group sessions.

Keynote speaker at the opening of the conference was Dean Lawrence C. Lockley, dean of the University of Southern California School of Commerce. Dean Lockley was introduced by Howard F. Conrad, president, Walker's Department Store, and president, Long Beach Credit Association. His subject was "1957—?" Featured speaker at the general luncheon Monday was J. Gordon Dakins, executive vice president of the National Retail Dry Goods Association, New York. He spoke on "The Retail Outlook," and was introduced by Joseph F. Bishop, vice president, Walker's Department Store. Also in attendance at this luncheon were more than 100 members of the Long Beach Retailers' Association.

Tuesday morning's program was opened with a general breakfast and the featured speaker, Lloyd Mazzera, executive vice president, Bank of America, San Francisco, was introduced by Harry Buffum, president, Buffums'. Mr. Mazzera's fine presentation was on "Small Business Credits in a Large Bank." Later Tuesday morning, Ralph F. Lewis, CPA and national director of management services, Arthur Young & Company, New York, spoke on "Automation of Accounts Receivable."

On both Monday and Tuesday afternoons, the individual credit groups held their group sessions covering fields of credit akin to their own businesses. These group sessions were all successful and gave evidence of many hours of studied preparation by the chairman of each group.

Closing the conference, Arthur E. Kaiser, retired credit manager of Bullock's Department Store, Los Angeles, and nationally known credit consultant, addressed the conference with a complete summary of the topics covered by the featured speakers. The summarization in written form was presented to each conferee prior to departure.

This district meeting in Long Beach will long be remembered by all those attending as a stand-out conference reaching the peak of efficiency in planning and presentation of topics and educational material timely to our credit granters.

New District Officers and Directors

The new officers and directors for District 11 elected at the meeting are: President and National Director, David K. Blair, H. Liebes and Co., San Francisco, Calif.; First Vice President and Alternate National Director, Donnell V. Davis, Buffums', Long Beach, Calif.; Second Vice President, Robert M. Wylie, Weinstock Lubin Co., Sacramento, Calif.; and Secretary-Treasurer, Florence Barnes, Gillen Lumber Co., San Francisco, Calif.; Directors: F. B. Bremer, Union Oil Co., Los Angeles, Calif.; L. Brooks Cook, Security First National Bank, Bakersfield, Calif.; G. E. McNary, San Diego Trust & Savings, San Diego, Calif.; V. W. Phillips, Golden State Milk Co., San Jose, Calif.; Jack Stackable, Oakland Bank of Commerce, Oakland, Calif.; L. G. Williams, W. & J. Sloane, San Francisco, Calif.; Harold Wade, John Bruener Co., Oakland, Calif.; Edith Johnson, Butler Bros., Lakewood, Calif.; Donald E. Blauert, Credit Bureau of Merced, Merced, Calif.; and Dolores Harris, Credit Bureau of North Orange County, Anaheim, Calif. ★★★

Long Beach Credit Association

Karl M. Gibbs
***Secretary-Manager,* Long Beach Credit Association**
Long Beach, California

FORTY-TWO years is not a long period of time in history, but for the continuous operation of a service organization it may be considered as reaching adult age. This is the young age of Long Beach Credit Association. Organized in 1915 as a unit of the Chamber of Commerce, it became a merchant mutually owned Credit Association in 1922.

It is interesting to review a prospectus issued by Long Beach Credit Association in October, 1928. "Organization and Objectives" were detailed and this interesting comment is quoted: "Long Beach Credit Association was originally formed as a privately owned and operated credit reporting and collection agency, becoming a co-operative association in December, 1916. Its original membership was but 15." Listing the membership in October, 1928, it noted an increase of 100 members to a total of 115.

It is further interesting to observe the basic objectives as then varying slightly as to fundamentals of present-day operation. Obviously, additional services have been inaugurated in the past 30 years to meet increased demands of consumer credit purchases and credit granters alike. Our constantly increasing national economy, based primarily on credit as a contributing factor, is a challenge to credit bureaus, not alone to meet the needs and demands of credit granters but to plan ahead and be prepared for the necessary changes that must come.

For several years Long Beach Credit Association was operated privately, having been purchased from the mutually owned organization referred to. In 1930 a corporation was formed, consisting of merchant stockholders, which has operated continuously since then.

The corporation operates under the supervision of a Board of Directors, consisting of top management, with an advisory committee of credit granters. In keeping with the growth of the community, our present membership is approximately 675, with reports in file estimated at 800,000 with an average of 19,000 credit inquiries per month.

Modern Mechanical Equipment

Mechanical equipment is modern, including electric typewriters, mailing machine, steel desks, photographic equipment, etc. No expense is spared in maintaining standard and efficient equipment. It is a dividend-paying policy, resulting in increased production and improved employee relations.

An average of 50 employees staff our report and collection departments; many have continuous records of from two to 19 years. Twenty telephone trunk lines, direct to report files using a rotary system, permit fast and efficient handling of incoming inquiries with a minimum of delay.

Cognizant of the fact that Bureaus are confronted with ever increasing costs, we are determined to carry on our policy of not how little we can give, but how much more factual information can be developed for credit granters at the lowest possible cost. With a single increase in report costs in 1949 (the first since 1940), we are aware that we must not price ourselves out of business, yet assure fair returns on capital investment and adequate service to our members.

Host to Annual Conference

Long Beach Credit Association is proud to have recently served for the second time as credit bureau host to the Twentieth Annual Consumer Credit Conference of District 11 of the National Retail Credit Association. With 540 registrants in record attendance and scores of congratulatory letters received, it is conceded that the conference was the most successful district meeting in our history.

Proud to have been participants, the Long Beach Credit Association, its Board of Directors, and credit granters graciously accept your thanks and your kind letters. We pledge a continued policy of operating a credit bureau by credit people for credit people. ★★★

Selling National Services at Long Beach Conference

DAVID K. BLAIR, ***Credit Manager,*** **H. Liebes and Company, San Francisco, California**
Third Vice President, **National Retail Credit Association**

"I hear you have everything here; can you help me write better letters?"

"I live in a small town out in the desert; how can I attend a Credit School?"

"I own a small store; what is the best system I can use to collect my accounts?"

These and hundreds of similar questions were answered at the National Retail Credit Association exhibit at the 11th District Conference in Long Beach, California, February 16-19, 1957. An experiment in a new approach to selling N.R.C.A. services, your National Office in cooperation with the Conference Committee established an exhibit wherein were displayed many of the services that are offered by this Association.

On Saturday morning the exhibitors installed their equipment, shown below. We had no sooner begun our installation than delegates appeared to see what we were doing. Word soon got around the hotel that there was something new in exhibits and from that moment on we were consistently busy except when the conference was in session. To many, it was one of the major points of interest.

Yes, all questions were answered. For better letters, our Effective Credit and Collection Letter Service was recommended and sold. For Credit Schools in small, outlying communities, our excellent textbooks with their accompanying prepared lectures were shown. For collection systems for small stores, our analysis forms along with our fine new collection stickers were offered. These new stickers, by the way, brought enthusiastic response from the delegates and many took advantage of the opportunity to place orders.

In addition to displaying most of our services, we also had on view N.R.C.A.'s famed Scrapbooks filled with samples of Credit and Collection Letters gathered from all over the country. These great books were being studied almost constantly by those in attendance. Many were surprised to find some of their own letters included.

One error was in underestimating the interest of the delegates. We had 10 samples of Effective Credit and Collection Letters which were gone in the first four hours. Pamphlets on "How to Organize a Local Association" disappeared rapidly. The tear sheets from The Credit World giving Highlights in the History of the N.R.C.A. were in great demand. Of the nearly two thousand samples that we had to give away, not including stickers, there were only 386 left at the close of the conference.

Was it worth the effort? Of course it was. By giving our members a better understanding of the services available through their membership, we made them more aware of the value of that membership. In becoming more enthusiastic National members, they in turn became stronger District members. An informed, participating membership is the key to success in any Association. This exhibit was just a beginning. Future exhibits are planned which cannot help but be even more effective. With the co-operation of our District Conference Committees, your National Office can help everyone use his membership to its fullest and, by doing so, immeasurably increase the effectiveness of this Association.

Evolution of the Charge Account

Arthur E. Kaiser

IN THE January, 1957, CREDIT WORLD an article entitled "Credit Trade in Scotland" told how the credit trader, or his traveler, made regularly scheduled calls on his customers and completed both his selling and credit transaction in the customer's home. Through these frequent and regular visits the credit trader learns a lot about each customer and, as the author says ". . . he knows the family tree of each customer and his relations." There is a marked similarity between this current practice in Scotland today and the way credit transactions were treated in the early days of our own country.

Before the advent of the locomotive, trading areas were widely scattered, so it was the habit of farmers and landowners to make periodic trips to the merchant for supplies, clothing, and other necessities. Often the entire family would make these sojourns and spend several days as visitors in the home of the merchant. Through these close contacts the merchant learned a lot about his customer—how he managed his affairs; what kind of crops he was growing and his prospects for a successful crop; what the market was for these crops; the amount of his income; his reputation with his family and community. Repayment terms were arranged concurrent with income, and settlements were made at the time this income was received.

As transportation facilities grew, the merchant sent out canvassers and the man-to-man relationship between merchant and customer disappeared. Credit evaluation then became a matter of investigation through direct inquiries of other merchants and financial institutions, and ultimately through established credit-reporting agencies. The transition from an agricultural to an industrial nation brought with it another change—incomes were received more frequently and repayment terms for open accounts were generally established on a monthly settlement basis. Instalment credit was also used all during this period, but was confined to the sale of durable goods.

Whether the repayment terms were seasonal or monthly, charge accounts were largely a matter of convenience, and up to 1920 the volume of charge-account business in department stores constituted only a small percentage of total sales. It is said that in 1910 retail credit in department stores was only 10 per cent of total volume and that it increased roughly 1 per cent with each year until 1920. Contrast this with the figures of a group of large department stores for 1955 when retail credit sales reached well over 60 per cent as a median, with a high of almost 80 per cent and a low of slightly more than 50 per cent.

This growth was due to a number of factors. The increase in industrial employment is one. A change in attitude of consumers toward the use of credit is another; consumers learned that credit was not restricted to the chosen few, but was available to all persons with good credit reputations; and perhaps the ability to obtain nylon hose right after the last war if you had a charge account was a contributing factor. Then there was a relaxing of credit standards on the part of credit granters; as an example, in the 1930's credit was refused to applicants whose paying habits were 90 days or more and those who habitually paid in 60 days were subjected to a lecture on the requirement that accounts must be paid in full each month. And finally there was a great need, after World War II, to place our economy on high production basis, which meant that consumers must be induced to buy and consume the goods produced; credit and credit advertising were mighty weapons in this program.

Credit, in itself, will not enable an individual to buy or spend more than his income permits, provided he pays his debts; it is the way in which credit is used by individuals which either accelerates or decelerates consumption. In this respect credit is similar to money. If an individual holds his income for thirty days before spending it, and then decides to spend it at once upon receipt he will be able to spend, upon making this decision, not only the money he has just received but also that which he has been holding for thirty days. If all people did this simultaneously, there would be a rapid upsweep in the volume of consumer goods sold, but this volume would slide back to normal when the consumers received their next incomes and had only this amount to spend. Credit, however, can lengthen the interval between buying and spending and consequently the period of acceleration may be prolonged longer than if only money were used.

Let us assume that all consumers were on a cash basis and that overnight they all decided to use credit which was being offered on a thirty-day basis. There would be an immediate doubling in the volume of business, for consumers would have not only their credit to use but in addition their accumulated cash to spend. But when settlement day arrived, thirty days later, they would use their money to pay their bills and have only their credit with which to buy. Business would then settle back to its previous level.

Lengthening of Repayment Terms

This, of course, would not happen . . . all people would not make the same decision at the same time and the volume trend would be regulated by whether the number of people entering the credit market exceeded those who dropped out to pay up, or the reverse. A similar condition is created by the lengthening of repayment terms. As repayment terms are lengthened business accelerates or decelerates dependent upon whether the amount of new debt contracted exceeds the amount of repayments, or vice versa.

During World War II charge-account business was restricted by government regulation; savings piled up and operating costs mounted. Whether it was to obtain greater revenue through service charges on charge accounts, or in order to induce the customer to buy more, I am not sure, but many major retail establishments began to promote what was known as a "revolving charge account." In substance this was nothing more than an open book account with longer than previous repayment terms and with a ceiling as to the amount of

debt the customer could incur. There is no doubt that this account did bring increased business for a while, because it resulted in many consumers' transferring their purchases from other merchants not offering these terms, and it caused a buying rash immediately following the opening of these accounts. But apparently this account was not all that these merchants expected. In the first place, the account was designed to permit a larger amount of available credit during peak seasons and normal credit during the other periods. But when a customer with a $120 ceiling on his account, repayable at $20 a month, had charged up to his ceiling he was only able to charge an amount equal to his payment each month, so that when seasonal requirements arose he had no more available credit. The result was that he either had to arrange for a larger ceiling and payment or go elsewhere for his extra purchases. All customers did not, naturally, perform in the same manner. Some paid amounts larger than required; some exceeded their ceilings and some did not use the full amount of their ceilings. However, I have heard it said that in order to keep volume on the upswing it is necessary to get more and more customers into this category continually.

To correct some of the shortcomings of the revolving account quite a number of merchants have adopted a "Flexible" account which has no agreed-upon ceiling. The terms of these accounts are not standard between merchants and some merchants offer varying terms to individual customers. Another name for this account is "Chart Plan."

Let us start with a firm which has adopted more than one repayment chart. A reason for doing this is to keep the minimum required monthly payment at the same level as prevailed on an existing revolving account and to arrange new accounts with minimum payments consistent with the customer's desires, income, and credit standing. One of the formulas used is this:

1—A basic payment is determined.
2—The customer is required to pay this amount each month until the balance reaches ten times that amount.
3—When the balance exceeds ten times the basic payment the payments are increased for the next two brackets by 25 per cent, the following two brackets by 33⅓ per cent, the next two by 37½ per cent.
4—The balance brackets are increased by an amount which will cause the excess to be paid out in four months, the theory being that when the customer buys heavily he will pay off more rapidly and so will have credit available during peak periods.

Two typical "Flexible Payment Charts" are shown here: A has a $30 basic payment, and B a $20 basic payment.

A

Balance	*Monthly Payment*
Up to $300	$30
300 to 320	35
320 to 340	40
340 to 370	50
370 to 400	60
400 and over	one-quarter of balance

B

Balance	*Monthly Payment*
Up to $200	$20
200 to 220	25
220 to 240	30
240 to 270	40
270 to 300	50
300 to 340	65
340 to 380	80
380 and over	one-quarter of balance

In the composition of these charts there seems to be a glaring inconsistency. For instance—a customer under Chart A owing a balance of less than $200 would pay $30, whereas the customer under Chart B in the same circumstances would pay only $20. For a balance between $320 and $340, Chart A customer would pay only $40 while Chart B customer would pay $65. This may explain the reason for the single "Chart Plan."

A typical single "Chart Plan" is shown here:

Balance	*Monthly Payment*
$10 to $60	$10
61 to 90	15
91 to 120	20
121 to 150	25
151 to 180	30
181 to 200	35
201 and over	one-fifth of balance

An advantage of this plan is that all customers are treated alike and the billing operation can be standardized. But it has the disadvantage of prolonging the liquidation of balances, even more so than with Charts A and B, in an account where purchases decline sharply from average or when purchases cease, although it is under these circumstances that rapid liquidation is desirable. To circumvent this condition the same chart could be used with the qualification that in any month when no purchases are made, the payment for that month will be repeated in the next month. I do not know that anyone has adopted such a plan so the idea is submitted simply for consideration.

The end result under one plan differs but slightly from the others. To illustrate this I have prepared a number of exhibits compiled from an actual account on the assumption that all payments were made according to the chart and on time. In connection with these exhibits it must be borne in mind that all accounts will not perform in the same manner. Variations will occur depending on the size and regularity of purchases, and, obviously, a single purchase account would run for six to 18 months dependent on the amount of the purchases. Nevertheless,

the exhibits will give a general comparison of the variations caused by the repayment schedules used in the so-called "Chart Plan."*

While there is but little difference between the end results, these differences arise because of the variations in the minimum payments and the variables in the charts. Here I am going to bring up the method previously referred to, which I believe to be more equitable in all of its aspects, but which, so far as I know, can be operated only with tabulating equipment. While this method is not, to my knowledge, used by any large department store, it is used by a successful specialty store in Los Angeles, although on a three-payment basis. It can, however, be used regardless of the number of payments into which each month's purchases are split. In my example, I am going to use a six-month split and a 1 per cent monthly service charge. The principles involved are:

(1) The purchases of each month are divided into six nearly equal parts, the first five being in even dollars and the sixth taking up the remainder. (2) These payments are spread over the following six months. (3) The amount payable each month is accumulated. (4) The service charge, calculated on the outstanding balance, is added to the amount payable that month.

The statement will show the customer: (a) the amount payable that month; (b) the amounts payable in succeeding months; and (c) the total amount outstanding.

The customer will have the option of paying either the amount due that month; any greater amount; or the entire amount. If the entire amount is paid, there is no service charge. This may seem an involved statement to produce but it is easily made with tabulating equipment.

To get you fully informed and to indicate a coming trend, I must recount what a leader among department stores has recently announced. They have informed their thirty-day account customers that they may, by signing an agreement, pay as little as one-fourth of their balances or more, or pay the account in full. If a partial payment is made, a service charge of 1 per cent of the balance remaining after the payment has been applied, will be added.

It is obvious that, with the high balances which can be created and the large monthly payments which could result, careful attention must be given to analyzing the credit application, evaluating the risk, and authorizing the charges. Nothing less than a complete investigation through your credit bureau should be acceptable; weak risks should be turned away or placed on a coupon or scrip basis for control; floor limits should be small to avoid build-ups; and overlimits should be acted upon at once. Billing costs, too, must be weighed. Production can decline 25 per cent or more with standard billing equipment. I have no figures on the cost with tabulating equipment, but it would no doubt be greater than the costs of operating regular thirty-day accounts.

In a paper I presented at the National Consumer Credit Conference at the University of Southern California in October, 1954, I said, "What retailing needs is one type of charge account which accomplishes what all of these various plans aim at—and maybe this will come to pass." In the May, 1956, issue of STORES, A. L. Trotta states, "One of these days stores will offer customers one standard account only. It will combine the features of the monthly charge account, the installment account, and the revolving credit account; and will eliminate the service charge only on purchases paid for in thirty days." This is a "straw in the wind," and through the recent development of the "Continuous Budget Account" for the selling of big ticket goods on conditional sales contracts, it looks like this straw may be blowing in your direction.

If you have not read the article in the June, 1956, CREDIT WORLD, by Henry C. Langer, Jr., entitled "Credit Is What You Make It," I recommend you do so.

The advantages of such an "All Purpose" account should be obvious. Giving all customers the option of paying in full each month without a service charge or of deferring balances with a service charge when expedient, should receive good public acceptance; and from an operating standpoint we would have: (1) One charge token. (2) One authorizing system. (3) A reduction in interviews by having the conditional sales clause appear on the salescheck and the terms arranged by the salesperson. (4) One statement. (5) One controlling account. (6) One collection procedure. (7) A service charge on all balances not paid in thirty days. (8) Only one place to look for a customer's total indebtedness.

Working out the details will not be an easy task. There are such problems as: (a) type of equipment; (b) how to apply partial or over payments; (c) how to handle credits applying to prior month's charges; (d) how to make the transition; and (e) the training of personnel.

Need for Customer Relations

It has been said that "what man can conceive man can achieve," so I am confident the job can be done. A word of warning to credit managers, however. There is a need for credit managers to devote more and more time to customer relations and to avoid getting bogged down with system details; these should be the responsibility of the controller, the methods staff, or perhaps a consultant should be used.

As I have previously pointed out, credit per se does not increase purchasing power; but it does have an effect toward influencing buying and spending habits and tempting customers to overbuy. The more your methods and policies appeal to the customers the more customers you will have. The more your terms appeal to customers the more of your goods they will buy through adjusting their budgets and by spending less in other areas or by decreasing savings. This places a big obligation on the credit manager. Not only must his credit judgment be sound, but he must avoid overselling on credit. At no time has cooperation between retail credit managers in all fields become more imperative and at no time has the need for strong, dependable, and reliable credit reporting been more demanding. ★★★

**Editor's note*: To illustrate the points made in this article, Mr. Kaiser has prepared a number of charts. Space limitations do not allow us to reproduce these charts in The CREDIT WORLD. However, we have arranged for a number of sets to be made up and those wishing to receive a set may obtain one by writing to the National Office.

What's New in Books

Credit Manual of Commercial Laws (National Association of Credit Men, 229 Fourth Avenue, New York 3, New York, 736 pages, 1957 edition, $10.00). The 1957 edition contains digests of the latest legislative and legal rulings in such areas as bulk sales, laws of contracts, mechanics' liens, chattel mortgages, assignments of accounts receivable, trust receipts, statutes of limitations, conditional sales, retail instalment sales, the use tax, usury, wage assignments, bad checks, bonds on public improvements, and legislation affecting exports and imports. Not a substitute for attorneys' services nor a textbook, as underscored in the Foreword, the Manual does place at the credit executive's fingertips, in a single volume, a comprehensive digest of federal and state statutes pertinent to his everyday problems and procedures.

Basic Principles of Parliamentary Law and Protocol (Marguerite Grumme, 3830 Humphrey Street, St. Louis 16, Missouri, 68 pages, $1.00). This is a pocket size basic manual containing 44 pages of rules and 24 pages on club protocol, entirely new. It shows how to do things correctly in preparation and presentation, plus a meeting agendum, a convention agendum and a simplified chart of motions. Group rates are available on more than six copies.

Say Please and Collect (J. H. Gintzler Press, 2655 Main Street, Buffalo, New York, 138 pages, $5.00). Maurice J. Brick is the author of this book. He is President-Treasurer of Brick Discount Corporation of Buffalo, and Assistant Vice President of the County Bank of Paterson-Passaic, New Jersey. The book is a study of collection techniques in the field of instalment credit and will be of great interest to sale-finance company executives.

Everything and the Kitchen Sink (The Philip Lesly Company, 424 Madison Avenue, New York 17, New York, 160 pages, $4.00). This book, for the first time, tells how American industry during just one century has completely revolutionized the life and hopes of America, by constantly seeking for better ways to do things. It tells part of the story of what the American system really is in facts and pictures.

Executives: Making Them Click (University Books, Inc., 404 Fourth Avenue, New York 16, New York, 256 pages, $4.00). The author of this book is Joseph Dean Edwards, member of the New York Bar and Consultant to Management. It bears a secondary title: "A successful plan to replace so-called 'executive development programs.'" He attacks a common management attitude that the program will not work. He asserts that good executives cannot be mass-produced—they must be "custom-built." The book is remarkably broad in its coverage, yet specific in its discussions, from choosing new executive material and executive evaluation to the executive team and management's responsibilities.

Simplified Accounts Receivable for Retailers (Sperry Rand Corporation, 315 Fourth Avenue, New York 10, New York, Booklet KD-814, free). How any small retail business using charge accounts can enjoy the advantages of cycle billing without investing in costly equipment and trained personnel is the subject of this new booklet recently published by Remington Rand. It shows in flow-chart form exactly how each phase of this simplified system is performed.

Corporate Debt and the Stockholder (The Amos Tuck School of Business Administration, Dartmouth College, Hanover, New Hampshire, 16 pages, free). If a corporation decides to expand it can either borrow money or issue more stock. Which way should it choose? This booklet shows to a fraction of 1 per cent which way is more profitable. The method it presents involves only some rearrangement of the conventional balance sheet and statement of earnings and a few simple arithmetical calculations.

Six Easy Ways to Recognize a Bad Check (Fraud Detection and Prevention Bureau, 2515 West 82nd Street, Chicago 29, Illinois, 24 pages, $1.00). This book makes the task easy. Six fraud indicators are expressed in six short sentences. Any merchant or his clerks can learn these six indicators quickly. He can keep the pictures of fraudulent and forged checks which are a feature of the booklet before him. These will make it easy to recognize a bad check when one is presented by a stranger. Reduced prices on quantity orders.

The Phrase Finder (Rodale Press, Emmaus, Pennsylvania, 1,300 pages, $3.48). Unlike a dictionary which simply gives the meaning of a word, this book enables you to come up, time and time again, with phrases—complete thoughts, each one touched with originality. It enables you to take a vaguely outlined thought, a shadow-idea, and transform it into a sentence that sparkles with imagination and substance. The book enables public speakers, students, writers, teachers, clergyman, lawyers—all people who must communicate with others through language and ideas—to turn an unformed thought into a complete polished phrase.

Ten Commandments of Mass Retailing (The National Cash Register Company, Dayton 9, Ohio, 72 pages, free). This booklet was written by John M. Wilson, Vice President of Sales, incorporating into one booklet all of the fundamentals of the self-service principle which he previously put into various articles.

How We Handle Income Budget Accounts

H. M. Martin
***Credit Sales Manager,* The Addis Company**
Syracuse, New York

THE CREDIT profession today is as fast-changing as the world. So that every credit sales manager may continue to enjoy increased profitable sales he must ever be alert to the changes which are taking place constantly. Changes are made by people. People are customers. When people stop becoming customers, business begins to dwindle and eventually is non-existent.

With the rapid pace of the world today the young and so-called middle-class group are the customers who decide whether you have a profitable or a nonprofitable business. They are the ones who, unlike their parents and grandparents, do not want to wait until they have the money to buy their new home, new car, furnishings for the home, and clothing for themselves and their family. They have learned that their parents went without too many of the pleasures and luxuries of life because they did not make use of their credit.

Customers Extremely Budget Minded

Today the bulk of the customers are extremely budget-minded. Even income taxes, as well as life insurance, etc., can be paid on the budget plan. If it is good enough for the government, it certainly should be good enough for the individual and the retailer to have customers paying regularly on budget accounts. A new era has come and some type of revolving credit plan is essential to each business concern to stimulate and maintain the volume of sales.

There is much talk about selling terms instead of merchandise or budget accounts being responsible for heavy losses. I disagree with both these remarks. There was a time when we used to think the sale of terms was contrary to good business. That thinking went out of the window with the advent of budget accounts and budget-minded people. Today we have an account we call our "Income Budget Account" because we believe that in order to maintain our position of a good retailer we must not only sell merchandise but sell it on a plan that the vast majority of customers can easily see they can pay for.

The day after Thanksgiving, 1955, we announced to our customers through circular inserts and newspaper advertising that the Addis Company had installed a new charge plan set up on a period of 12 months, service charge 1 per cent on each monthly balance, and called "Income Budget Account." We invited 30-day accounts to transfer to the budget plan, and of course solicited new accounts as well. The response was far greater than anticipated in both new accounts and transfers. At the present time we have about 6,000 active budget accounts; although 60 per cent of them are transfers from 30-day accounts, we feel that there is an increased value on each of the accounts since they buy more merchandise than they did on the 30-day basis (as shown by their previous records).

On the 12-month plan we experienced good collection percentages. Collections are averaging 15 per cent and have gone several times to 16.5 per cent per month. It is gratifying to note that the merchandise returns on the Income Budget Account are considerably less than on our 30-day accounts.

Although at the rate of 1 per cent per month service charge we are not getting rich, we feel at this time that the service charge is at least carrying the outstanding, considering that some of the outstanding on the 30-day basis would now be past due if we did not have the plan. Every month our records indicate that the purchases on the Income Budget Account are growing larger—which of course leaves our outstanding a little larger, but the collection percentage is better than average. Stop and consider: with an Income Budget plan you can sell more merchandise, turn your stocks more rapidly, and if you maintain a collection percentage of 12 per cent or better monthly, your losses cannot be as great as some people may think.

To simplify the procedure and do away with additional expense in our audit, bookkeeping and authorization departments, we have set up the following plan: To readily distinguish the 30-day from the budget accounts we use buff-colored ledger and white application card on regular accounts, a blue ledger and application on Income Budget Account. There is no distinction made between the two types of accounts as far as the customer is concerned. She just asks to have merchandise charged, either with or without Charga-Plate, and does not have to tell the clerk it is an IBA. Charges are authorized as they are on 30-day accounts. Once a month we go over these accounts for collection purposes. We have a form prepared when charges are received that exceed the limit which is immediately mailed to the customer, giving her the opportunity either to come to the office and increase her limit or to mail her check for the difference.

All Sales Checks Processed Alike

Our IBA accounts are set up on a plan whereby the limits are from $60.00 to $300.00, calling for payment of $5.00 to $25.00 per month depending on the limit. To eliminate extra expense and separate control in our audit department all sales checks are processed alike. There is no distinction made in the audit department. Our IBA ledger sheets are filed in the front of each of our 16 cycles.

After the bookkeeper has posted her complete cycle of the 30-day accounts, she takes off her control figure, clears the machine and then posts her IBA's on each

cycle as they go along. When the IBA's have been completely posted she takes off her figures giving information on purchases, credits, service charge, and balance outstanding of each cycle on IBA accounts. At the end of the 16th cycle posting these 16 separate totals are added by our head bookkeeper and we have our control from that source. You can readily determine this eliminates extra work and expense in the audit department as well as in our collection and authorization departments.

At the time of interviewing a new-account customer, the 30-day and the IBA plan are explained by the interviewer and the customer makes her choice. Should she select the IBA plan, when the Acknowledgment of New Account letter is mailed to her, a brochure explaining in detail the IBA plan is enclosed. The same Charga-Plate is used on both types of accounts and we think it best for the salesperson not to be aware which type of account the customer has. Our records clearly show that the IBA is enjoyed by some of the so-called smaller-income group as well as by some of our large-income customers. Therefore this plan is not designed for any special income group but there is always the feeling in the salesperson's mind, if the customer has a budget account, it must be that either her credit is limited or she is financially unable to purchase as much as users of the other type of account. This, of course, is erroneous; therefore we arrived at the decision that there would be no distinction between the two as far as the salesperson is concerned.

For those of you who are thinking about going into this type of account, I strongly suggest that you do not hesitate. Do not wait until your competitor has installed the plan and then be a "follow-the-leader." You will find that having this plan in your store may bring back some of your inactives and also keep the customer from shopping for a portion of her items in your store and the rest in another.

Remember, the most important person that enters your store is the customer. Nothing matters but the customer. Therefore, make it convenient and easy for the customer to purchase on a charge account, and continually sell not only high-grade merchandise, but also conveniences. By doing so you may have larger outstanding accounts receivable, but you will find that payments are more regular and losses will be smaller.

Since the installation of IBA in our company we have come to the conclusion that it is not fair for the IBA customer to pay service charge of 1 per cent on each monthly balance and allow the so-called 30-day accounts to become past due without penalty. Therefore, it was decided that we would charge the delinquent 30-day account ½ of 1 per cent per month on balances which were 90 days past due. We have been doing this for some time now and complaints are practically nil. This also has proved to be another medium of collection, and with the operating costs continually going up, the amount of service charge collected can go a long way in helping to absorb some of the expense. We do not advocate that the 30-day account become past due just to place a service charge; therefore, we cover the 30-day accounts once a month for collection purposes. If you are not already doing this, we suggest you try it.

★★★

FROM THE President's Pen

THE ANNUAL request for the answer to the question, "What is the most important credit problem for 1957?" brings some very pertinent and sound advice. The answers represent a cross section of the thinking and the opinions of our credit executives in the United States and Canada. As I recall this year, chief among them is control, including a closer screening of new applications and more attention to overbuying, which has become more prevalent in these days of extended terms and revolving and one-purpose accounts. Collections and close follow-up are in second place, with sales promotion third. Education also is high in the standing of things suggested and—amazingly—it is equally divided between education of the credit worker and of the credit user. It gives us something to think about, and can well be a "straw in the wind."

In our objectives for 1956-57 under "Research—Statistical" we said: "We live in an age of research! On every hand, government, business, organizations, great corporations, communities, and people are checking, digging, counting, and searching through records and into our daily living habits for additional facts, figures and data about causes and effects and what makes their particular endeavor 'tick.' It is a must, in this day of ours, if we expect to continue an organization of usefulness down through the years. We, therefore, strongly recommend renewed interest, energy, and effort in research with due preservation of records and results by all our district, state, and local organizations and in the research and statistical department of our national office even to a substantial enlargement program. It is important to our own purpose that our membership have the best and latest in knowledge and information obtained by those who are trained in consumer credit and who possess the 'know-how' in the field of consumer credit. It is a natural responsibility of the N.R.C.A. Particularly is it essential in our effort to serve the thousands of independent businesses who make up our membership and the professions who have representatives in our ranks." I still consider this a prime objective. I would urge all our units, who have not already done so, to seriously consider the establishment of a Research Department in your organization. Its work will be revealing and will prove useful and valuable in the years ahead. Once set up and established, it will be a boon to the Research Department of our National office.

Our annual observance of National Credit Education Week, April 28 to May 4, is before us. Let us emphasize it and magnify it at every opportunity and take advantage of it in every way possible.

Automation in the office, the bogey-man of this miracle age, is just over the horizon. Already it is being tested and used successfully in several very large business organizations and is being perfected for smaller business. It is only a matter of time when much of the routine, or should we say drudgery, of the mechanics of a credit office will be taken over and clicked off or out of the machines at an amazing speed. Some office people may look upon it with fear and trembling and a vision of a mechanized office with one or two people pushing buttons and pulling levers and a deep-down suspicion that it will be the end for many. It was so in the past when new machinery or automatic devices were perfected. Even the commonplace adding machine, in the minds of many when it was invented, would rob many people of their jobs. Yet, in spite of all the progress in all types of machines in recent years, there is a shortage of labor greater than ever before. We should look forward with an eager welcome to those great and wonderful things being created and invented for our convenience, for there will never be a substitute for the human race! Machines, automation to the contrary, will never replace the ingenuity of the human mind; but I would urge our people to be diligent and interested in new creations and inventions. Get a thorough understanding and knowledge from the beginning; learn about their purpose, their manufacture and operation, then you will be in position to know that which will help you and your business.

A recent report shows a gain in members of 2,988 thus far which is 7,012 short of our goal of 10,000. I would express my gratitude to each of you for the work you have done on membership and the hope that all our units and our individual members will contribute that extra effort in these remaining weeks. It would thrill all of us to achieve our goal . . . and it's not beyond our range!

This issue of The CREDIT WORLD is dedicated to the city of Long Beach in sunny California. They were a recent host to the annual meeting of District 11 which had a registration of 540. We salute this wonderful City in a wonderful State and our credit men and women of California who have through the years supplied us with an excellent brand of leadership.

Miami Beach, with her enchanting beauty, and our 43rd annual Consumer Credit Conference is only two months away. If you have not already sent in your registration . . . don't delay—*do it today!*

Kimberley C. Goodman

President
National Retail Credit Association

Announcing

The President's Annual Membership Drive

April 15, 1957—May 25, 1957

NINETEEN HUNDRED FIFTY SEVEN MARKS THE beginning of the President's Annual Membership Drive. This special event will be held each year during April and May. It will be the grand finale of each year's membership campaign—the final spurt before reporting total membership at the International Conference. Prizes will be awarded to participants in this special campaign on the following basis:

Individuals

There will be a first, a second, and a third prize available to individuals living in cities or towns with population up to 50,000; a first, a second, and a third prize to individuals living in cities up to 100,000 population; three prizes to individuals living in cities up to 250,000 population; and three prizes to individuals living in cities with population over 250,000.

In each population category the awards will be as follows:

$50.00 cash to individual enrolling greatest number of new members in the National Retail Credit Association during the period between April 15, 1957 and May 25, 1957.

A General Electric clock radio, valued at $30.00, will be awarded to the individual enrolling the second largest number of new members during the drive.

An attractive desk-type weather guide, valued at $25.00, will be awarded to the individual enrolling the third largest number of new members during the drive.

Local N.R.C.A. Units or Credit Bureaus with 100 Per Cent N.R.C.A. Membership

In each of the foregoing population categories the local unit or 100 per cent credit bureau reporting the largest enrollment of new N.R.C.A. members will receive a beautiful bronze and walnut plaque reciting their accomplishment. These plaques become the permanent property of the winners.

National Winners

To the local unit or 100 per cent credit bureau reporting the largest number of new N.R.C.A. members enrolled during the campaign period, a beautiful silver plaque will be awarded.

To the N.R.C.A. District reporting the largest number of new N.R.C.A. members during the campaign period, a beautiful silver plaque will be awarded.

These two silver plaques, suitably inscribed, will be retained by the winners until the winners of the following year's drive are determined. They will then pass to the new winners. The local and District Association winners for three consecutive years will retain the plaques permanently.

Contest Rules

"New Member" means one who is not presently a member of the N.R.C.A. It may, however, be one who was formerly an N.R.C.A. member.

To be counted, reports of new members must be in the National Office, 375 Jackson Avenue, St. Louis 5, Missouri, not later than May 31, 1957.

All members reported during this annual drive will be credited toward the regular membership awards made at the 43rd International Consumer Credit Conference, Miami Beach, Florida, June 20, 1957.

Let's Go!

Co-operative effort will make this first President's Annual Membership Drive an outstanding success—but time is of the essence.

Start Your Campaign Now.

J.C. Gilliland

General Membership Chairman
National Retail Credit Association

CREDIT DEPARTMENT *Letters*

LEONARD BERRY

PROBABLY the question most asked at conferences, at credit association meetings, or whenever two or more retail credit executives meet, is the inevitable, "How're collections?" Then come a variety of answers all the way from "Excellent" to "Poor." As a conversation opener the question has some merit but as a reliable index of what is actually happening it is worse than useless.

The fact is, even if exact collection percentages were given (and for excellent reasons they seldom are), the information, unless accompanied by a vast amount of data concerning the firm's policies, clientele, and the like, tends to be woefully misleading. In this delicately balanced economy, vague rumors, implied doubts, and gloomy comments can have a disastrous effect on the basic confidence in people which is essential to successful credit operations.

A collection percentage can, of course, be anything a store wants it to be. One store, rigidly screening all applicants and accepting only the gilt-edged—pounding hard on collections and cutting off further credit the instant an account becomes past due—can attain a collection percentage of practically one hundred per cent. To be sure, the credit sales volume will be sharply curtailed, too. On the other hand, a store with a "generous" credit policy—taking calculated risks and, while being persistently persuasive in collection effort still keeping a watchful eye on priceless good will—may achieve only fifty per cent collections, but with *vastly improved* credit sales.

The point of all this, and the inspiration for this article, is an experience a most capable manager of credit sales had recently. It seems that this man's store principal heard someone say at a meeting that collections were "terrible." Immediately on his return to the store he canceled an extensive credit sales promotion program on which much time and effort had been lavished in the planning. This was a disastrous decision in that a more courageous and aggressive competitor down the street went ahead with *his* program, with highly satisfactory results in profitable credit sales.

Isn't it time that store principals recognized the fact that credit nowadays is a device to increase profitable sales and, like any other device, it must be geared to the special job it has to do for a particular store? The modern credit executive is usually well posted on economic conditions, is fully aware of what competition is doing, and can be trusted to manage all credit sales promotion and other matters with due regard to the firm's financial safety. The collection percentage he aims for will usually represent a carefully considered goal, compatible with all factors accurately weighed.

In this competitive credit economy, the credit administrator must be given the wholehearted support of his management and confidence be placed in his judgment. Within the broad limits of over-all corporate financing and planning, the credit executive must be given latitude to carry out his credit sales programs and to achieve whatever collection percentage he deems most desirable for maximum credit sales and customer satisfaction. The credit sales manager is an important member of the first-line team of the store and usually he can be trusted to call the signals in his own particular and specialized field.

Perhaps, some day, the question "How're collections?" will be replaced by "How're credit sales?" The answers will then mean a whole lot more! In the meantime, store principals should allow the credit executive to become a sales producer and not keep him always on the leash.

This Month's Illustrations

Illustration No. 1. Here we show a credit sales promotion letter used by Buffums', Long Beach, California. Enclosed with the letter is a simplified credit application form and the fact that the account may be used in both Buffums' two stores is stressed.

Illustration No. 2. This collection letter, used by Desmond's, also of Long Beach, uses the usually effective approach of the auditors listing unpaid accounts with the hint that such details will eventually become part of the individual's credit record at the Credit Bureau.

Illustration No. 3. Acknowledgment of resumption of use of an inactive account is excellent goodwill-building procedure. This is an overprint on a statement which tells the customer that the Columbia Store, Long Beach, has noticed the renewed use of the account and is grateful for the privilege of service.

Illustration No. 4. Another credit sales promotion item. This is printed in two colors and employs the light touch often desirable in printed forms. The great advantage of this kind of form is the extreme simplicity and ease of mailing.

Here we show two of a new series of deluxe stickers offered by the National Retail Credit Association. Your particular attention is directed to the inside and outside back covers of this issue of The Credit World on which are set forth the details of all the new credit sales promotion and collection stickers now available from the National. Because of the attractiveness of these stickers, and also because of the power of the N.R.C.A. insigne, they are particularly effective.

Buffums' PINE AT BROADWAY
LONG BEACH 2, CALIFORNIA

Date

Mrs. John C. Customer
000 Main Street
Your City, Your State

1

Dear Mrs. Customer:

Buffums' thanks you for your recent cash purchases. We sincerely appreciate your valued patronage, and want to continue serving you and your family in every way possible.

As you may know, you are within convenient reach of both Buffums' Santa Ana and Long Beach stores...long known to your friends and neighbors as headquarters for home and family needs.

We invite you to open an account with us. Our Credit Department will be happy to be of service to you in establishing an account best suited to your individual requirements.

Enclosed with this letter is our simplified application form, which requires no postage to return. Simply fill it out, return it to us and let us do the rest.

We will look forward to meeting you and welcoming you in our store as a regular charge customer.

Very truly yours,

B U F F U M S'

Donnell V. Davis
Manager of Credits

DESMOND'S

SOUTHERN CALIFORNIA STORES

APPAREL FOR MEN • WOMEN • BOYS

Date

Mrs. John C. Customer
000 Main Street
Your City, Your State

2

Dear Mrs. Customer:

May we make a straightforward request for a settlement of your past due account before the end of the month as it is the close of the fiscal year.

At that time in accordance with their usual credit procedure our Auditors will examine the books and list the overdue portion of your account in their files.

We know you will be eager to have your name eliminated from this list and will act accordingly.

Your prompt consideration will have our most sincere thanks.

Very truly yours,

D E S M O N D ' S

J. A KOVERMAN, MANAGER
DEPT. OF CHARGE SALES

BALANCE: $00.00

Columbia

FIRST AND PACIFIC
LONG BEACH

5540 N. PEPPERWOOD
LAKEWOOD

PACIFIC & ZOE
HUNTINGTON PARK

STATEMENT

The first week of each month an itemized record like this is sent to you showing purchases and payments on your account up to the 25th of the previous month. Transactions after the 25th will appear on the next statement. Charge account payments are due on the 10th of the month. Budget payments are due on the dates specified in your agreement.

TERMS
AMOUNT DUE

3

Please detach this stub and present or mail with payment when due. No receipt sent unless requested.

COLUMBIA OF LONG BEACH — Accounting Office: First and Pacific — Phone HEmlock 2-0461

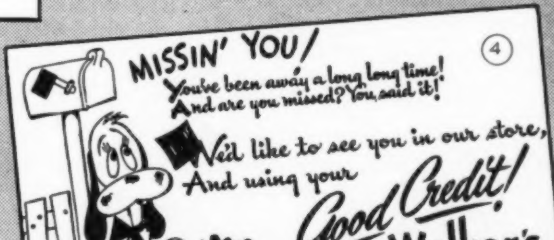
ITEMS	DATE	CHARGES	CREDITS	BALANCE

Thank you for the renewal of your Columbia charge account, as indicated by your recent purchase. The opportunity to serve you again is sincerely appreciated.

Your visits to the store are always welcome, and we want you to enjoy the convenience of your charge account often.

Cordially yours,

Sid Mandy
Credit Manager



Charge it
You don't owe us a cent!
Yes, we have noticed it and hope you will use your account regularly.

Your
Charge Account
Is Balanced
This is just a reminder
that we missed you
Charge it!

CREDIT FLASHES

Consumer Credit Management Program

The 1957 Consumer Credit Management program will be held at the Arden House, June 9-14, 1957, Harriman Campus, Columbia University, New York, New York. This is a specialized program for executives who are engaged in, or being trained for, administrative positions at the managerial levels. It will include such officers as presidents, vice presidents, controllers, treasurers and credit executives in financial and business institutions. The program was established in 1953. Application for admission should be sent to Hoke C. Simpson, Director of Executive Programs, Graduate School of Business, Columbia University, New York 27, New York. The National Retail Credit Association is one of the sponsors of the program, and Clarence E. Wolfinger, Credit Manager, Lit Brothers, Philadelphia, Pennsylvania, and past president of the N.R.C.A., is a member of the executive committee.

Roland H. Hill Addresses Newark Credit Men

At the regular meeting of the Retail Credit Association of New Jersey, Newark, New Jersey, Roland H. Hill, Jr., was the principal speaker. He appeared through the courtesy of the Investors Information Bureau of the New York Stock Exchange in connection with their nationwide program of educating the public in the purposes and services rendered by the New York Stock Exchange. His topic was "Let's Talk Stock." Following his address an interesting question-and-answer period was enjoyed by the large audience present. Earle N. Nirmaier, General Budget Director, W. Wilderotter and Co., is President of the association. He is also N.R.C.A.'s membership chairman for District Two.

Boston Elects New Officers

At its 50th annual meeting, the Retail Credit Association of Boston, Boston, Massachusetts, elected as officers for the ensuing year: William J. Kirby, Gilchrist Co., President; Alexander Harding, John H. Pray & Sons Co., First Vice President; Josephine M. Kenneally, C. Crawford Hollidge, Second Vice President; and Rowe A. Gladwin, Treasurer. James H. Donovan, Raymonds, was chosen as director for three years. This group, consisting of credit and collection executives of retail stores, hospitals, and others engaged in consumer credit, held its first organizational meeting March 24, 1907. Since then there has been a steady increase in membership both in number and types of business. A panel of credit executives, under the leadership of Robert Geikie, Jordan Marsh Co., conducted a credit and collection clinic with active audience participation. The other panelists consisted of James H. Donovan, Oliver W. B. Brown, Malden Hospital, and Edward H. Kennedy, Grover Cronin Co.

Wanted to Buy

Established Credit Bureau and Collection Agency. Location anywhere but should be a fair-sized town with good trade area. Immediate action. Box 4572, The Credit World.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, April 28, 29, and 30, 1957.

District Three (Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, and Tennessee) will hold their annual meeting in conjunction with the 43rd Annual International Consumer Credit Conference, Fontainebleau Hotel, Miami Beach, Florida, June 16, 17, 18, 19, and 20, 1957.

District Eight (Texas) will hold its annual meeting at the Texas Hotel, Fort Worth, Texas, May 18, 19, 20, and 21, 1957.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting in Carlsbad, New Mexico, May 18, 19, and 20, 1957.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Davenport Hotel, Spokane, Washington, May 18, 19, 20, and 21, 1957.

Henry G. Orndorff

Henry G. Orndorff, 64, retired secretary and credit manager, B. Lowenstein & Bros., Memphis, Tenn., was killed recently when an Illinois Central passenger streamliner crashed into his car near his home in Whitehaven, a suburb of Memphis. He had been credit manager for about 25 years before retiring last July because of ill health. A past president of the Memphis Retail Credit Association and of the Memphis Exchange Club, he is survived by his wife, a sister and a brother. He was an honorary life member of the National Retail Credit Association.

E. H. C. Resler

Edward H. C. Resler, 47, credit manager, Liberty House, Honolulu, T. H., since 1947, died of a heart attack while en route to a local hospital. In 1950 he was elected president of the Honolulu Retail Credit Managers Association of which he was a charter member and former director. Surviving are his widow, two sons, and a daughter.

Help Wanted

Young credit executive, college graduate, seven years' experience in retail credit and collection field, including two years' experience in credit bureau work and two years' experience in multi-store credit operation. Will relocate. Prefer Midwest. Box 4571, The Credit World.

National Office Welcomes New Member of Staff

Effective April 1, George L. Peterson joined the National Office as executive assistant. Mr. Peterson was born in Emporium, Pennsylvania, on April 19, 1910.

For slightly more than three years he has been secretary-manager of the Atlanta Chapter, National Electrical Contractors Association, Atlanta, Georgia. Prior to going to Atlanta he was executive director, Associated Plumbing Contractors of Louisiana, Inc., Associated Plumbing Contractors of New Orleans, Inc., Retail Appliance Dealers Association, Inc., and editor and publisher of the SOUTHERN PLUMBING AND HEATING RETAILER, a monthly trade magazine with a circulation of approximately 7,000 copies in the thirteen Southern states.

He was credit sales manager for Maison Blanche, New Orleans, one of the oldest and largest department stores in the South, from May, 1944, until October, 1947, when he went into trade association work. While with that company he had full responsibility for the extension and collection of twenty million dollars of credit sales per year. His duties also included the supervision of credit sales promotion, and the collection, bookkeeping, and lay-away departments, with a personnel of one hundred and twenty-six persons.

Before going to New Orleans he was for sixteen years in credit work in New York City, with Ludwig Baumann, Busch Jewelry and Wurlitzer Company, principally installment houses. His other retail credit experience was with Arnold Constable and Company, Fifth Avenue, New York, where he served as collection manager and at times assistant credit manager.

In submitting his summary pertaining to a trade association director he wrote: "A qualified trade association director must be a composite of many men. He must have a basic knowledge of many things and a specialized knowledge in certain fields, depending upon the type association that employs him. As an example, he should have a basic knowledge of sales promotions, law, taxes, public relations, human relations, labor relations, credits, collections, convention handling, to name a few. He should also be able to address a group of any size and to write anything from a simple newspaper release to the preparation of a trade story, should it be necessary. He must also be an organizer, teacher, businessman, executive, diplomat and possibly a showman."

It is a pleasure to announce the appointment of Mr. Peterson, whose retail credit and association experience gives us a team of three excellent executives—Arthur H. Hert, secretary; Leonard Berry, assistant secretary and educational director; and George L. Peterson, executive assistant. We predict for Mr. Peterson happiness and success in his new position.—*L. S. Crowder.*

Oil Company Panel at Columbus, Georgia

At the annual meeting of the Associated Credit Bureaus of Georgia held in Columbus, Georgia, February 16-17, 1957, a panel was held consisting of oil companies' credit executives in the state of Georgia. Shown below is a picture taken at the meeting. Left to right, are: Lee Kendrick, regional credit manager, Gulf Oil Corporation, Atlanta, Georgia; J. S. Smith, regional credit manager, Shell Oil Company, Atlanta, Georgia; Comer Cherry, Credit Bureau of Valdosta, Valdosta, Georgia, moderator; R. E. Withers, regional credit manager, Standard Oil Company, Atlanta, Georgia; and Loy W. Davis, regional credit manager, The Texas Company, Atlanta, Georgia. All are members of the National Retail Credit Association. The panel members were given gold initialed cuff links for their services and a special dinner was held in their honor. The panel was entitled, ""Yes, Like Topsy We Grow," and the economic outlook in credit bureau and member relations was discussed. From the interest shown by the membership in the discussions, the affair was considered a success.

Granting Credit in Canada

Value of the Credit Bureau

I HOPE that this little article will be of some assistance to those responsible for the granting of credit in the average size car dealership and garage. After several years of the trial-and-error method of credit granting, I have discovered the vast source of material available by using the reporting system of the Credit Bureau and, as a consequence, have made more use of this material during the past few years. I have found that my job in this respect is much easier and more scientifically and efficiently done. The net result is that my mind is much more at rest because of the elimination of the guesswork, and this part of the routine of the office takes on a much more pleasant atmosphere as we are using fact and not fancy.

Credit Bureau Has Many Uses

You can make use of the resources of the Credit Bureau in all phases of your credit program, as you will see from the outline of the credit program which has been set up as a basis of credit granting in our office.

1. Have a credit policy and stick to it. Your Credit Bureau will give you assistance in developing such a program.
2. Advertise the fact that you extend credit, but only on a sound "fact-built" basis.
3. Beware the customer that approaches the office for credit only after the job is done. No doubt he has led you to believe it would be a cash job and your subsequent check with the Credit Bureau will probably bear out that this is a habit with such a customer and, in addition, he is a poor credit risk.
4. Watch the accounts closely to see that they do not overload and for failure to follow your credit requirements. Your credit report will give you clues as to buying habits of your new customers.
5. Have a definite collection policy. Make certain that your new customer understands this policy and sell him thoroughly on the prompt-pay habit.
6. Maintain good public relations. Make all adjustments quickly and fairly. Here again the credit report gives the clue to the habits of the customer in regard to his demands, whether fair or unfair.

Available at All Times

As will be evident, the Credit Bureau, which is only able to carry on because of the cooperation of the businesses associated with it, can be of assistance to you in all phases of your credit program and has such material available to you at all times. *Use your Credit Bureau*—it is yours.—R. C. McLeod, Allen's Super Service Ltd., Port Alberni, British Columbia, Canada, Treasurer, Credit Granter's Association of Port Alberni District.

Vancouver Association Active

AT THE 27th annual meeting of our Retail Credit Grantors' Association held in February I was happy to report on the varied activities during the year. We were a little disappointed that we did not accomplish more but well satisfied with what we had done. I was ably assisted by Harold Evans, immediate past president; Clarence Wellington, vice-president and programme chairman; Tom Downie, secretary; Stu Jenkins, treasurer for part of the year; Harold Bell, chairman, bureau committee; Wally Kerr, membership; Rod Allanson, publicity; Gordon McKay, attendance; Campbell Smith and Joe McClure, entertainment; Ken Annandale, conference chairman; and Andy Gillespie, treasurer for the past few months.

At our first meeting we installed officers with Herb Barnes officiating. At the April meeting Ronald S. Ritchie talked to us on "What for 1956?" In June, we held our 19th annual golf tournament at the Vancouver Golf Club. On June 12, 1956, we were privileged to hear three speakers on the subject, "Good Will in Retail Credit Business." At our September meeting Miner H. Baker talked on "Our Most Prosperous Recession." In October we had a panel discussion. In November Dr. Leslie Wong discussed "Are We Having Too Much Credit Restriction?" In December we held our annual Christmas party and at our January meeting our own Harold Evans addressed us on "Credit Sales Promotion."

Activities Are Varied

Membership has now increased to 902, and 746 are members of the National Retail Credit Association. We took an active part in National Retail Credit Week held in April. N.R.C.A.'s film was shown many times and was also shown on KVOS, Bellingham. A number of spot radio announcements were arranged and the educational committee was active in making talks about the event before many civic clubs. At the Seattle conference in May we were represented by 72 members. Harold Evans was elected vice president of District 10.

Our organization continued to cooperate with the Canadian Credit Institute during the year. Our Association was represented at the annual meeting of the Credit Granters' Association of Canada, Retail Credit Association in March by Andy Gillespie and Tom Downie. Tom Downie also represented us at the annual international consumer credit conference held in St. Louis in June, 1956.

Yes, our Association has been active during the past year and even greater progress is expected during the coming 12 months.—E. P. Rush, The Toronto-Dominion Bank, *President,* Retail Credit Grantors' Association, Toronto, Ontario, Canada.

Make Conference Reservations NOW

DO NOT DELAY sending in your hotel reservation for the Miami Beach conference. All rooms at the Eden Roc have been assigned and all but the $16.00 per day rooms at the Fontainebleau have been assigned.

Rooms are available at the following hotels:

FONTAINEBLEAU—25 Parlor Suites, $38-45; 350 Twin-bedded rooms (single or double occupancy), $16

EMPRESS—200 Twin-bedded rooms (two occupants), $10 facing Western Exposure; $12 Northern Exposure; $14 Ocean Front or Ocean View

SORRENTO—5 Parlor Suites, $20; 35 Twin-bedded rooms (one or two occupants), $10

SOVEREIGN—1 1-room Parlor Suite, $20; 40 Twin-bedded rooms (two occupants); $8; 20 Ocean-Front Twin-bedded rooms (two occupants), $10

BROADRIPPLE—20 Single rooms, $5; 20 Twin-bedded rooms, $7; 20 Rooms (three occupants), $9

The Empress, Sorrento, Sovereign, and Broadripple Hotels are conveniently located and delegates wearing badges will be permitted to enter the Fontainebleau gardens through a gate which is less than 300 feet from the most distant hotel. Rooms at all hotels have been decorated recently and regardless of hotel to which delegates are assigned they will have no cause for complaint.

When making reservation specify hotel, give second and third choice, and date of arrival. Make check for one day's hotel deposit and registration fee of $20.00 payable to International Consumer Credit Conference, 375 Jackson Avenue, St. Louis 5, Missouri.

Your plans should provide for departure on Friday, June 21, or later to enable you to remain for the banquet and entertainment on Thursday evening. If you are interested in the post-conference tour to Havana see details on pages 28-29 of the March, 1957, CREDIT WORLD.—*L. S. Crowder.*

Tour to Havana

We hope that by now many of our members have decided to take our special post-conference tour to Havana, Cuba. Arrangements have been made with Wylly's Tours, Inc., Miami Beach, and the Sevilla-Biltmore Hotel, Havana, for a tour of that city, leaving Miami by plane on the early afternoon of Friday, June 21. Return trip will be by plane Monday afternoon, June 24.

The price of the tour is $97.00 per person, double occupancy, and $103.00 per person for single occupancy. A Cuban landing tax of $2.50 must be paid by each individual on arrival at the Havana airport. Gratuities are not included, with the exception of handling the luggage at the Miami and Havana airports and at the hotel in Havana.

Plane and hotel accommodations have been reserved in group form. Applications must be mailed to Wylly's Tours not later than May 25, 1957. Send reservations, with deposit of $10.00 per person, to A. Harold Binder, Wylly's Tours, Inc., 2921 Collins Avenue, Miami Beach 40, Florida.

Registration Blank

43rd ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Miami Beach, Florida—June 16-20, 1957

Delegate Registration, $20.00 **Guest Registration, $20.00**

Name____________________________________

Check Type of Membership

Firm____________________________________

☐ ACBofA City and State____________________________

☐ CWBC of NA Will attend sessions of________________________Group

☐ N.R.C.A. Will arrive ________________________________

☐ I will attend CWBC of NA Breakfast, Monday, June 17, 1957—7:30 A.M. Empress Hotel. (Cost Included in Registration Fee.)

Mail Registration Blank with check attached payable to:

INTERNATIONAL CONSUMER CREDIT CONFERENCE COMMITTEE
c/o National Retail Credit Association
375 Jackson Avenue, St. Louis 5, Missouri

Admittance to All Meetings Will Be by Badge Only

Mail This Blank In Today!

Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

***U. S. Official Upheld in Defamation Suit by Aide*—**The United States Court of Appeals for the District of Columbia Circuit ruled that a government official's statement "made in the proper performance of duties," cannot be used as the basis of a suit for defamation. The court reversed a $100 jury verdict in favor of the plaintiff, one Love, who after being fired from his $5,152-a-year auditor's job at an army depot, consulted a lawyer to obtain reinstatement. The lawyer telephoned plaintiff's personnel director who told him that Love had been fired on charges that he had taken papers out of the files and given them to a U. S. Senator without authority. This was denied by Love. The court said, "We think it clear that, in the circumstances of this case, appellant's statements were made in the proper performance of his official duties and are, therefore, absolutely privileged." The privilege is similar to the protection afforded credit department personnel in the proper handling of credit information, though it might, in regard to a particular individual, be derogatory in character.

***Survey of Consumer Finances*—**In its twelfth annual "Survey of Consumer Finances," released March 11, 1957, the board of governors of the Federal Reserve System noted that "Preliminary findings indicate that consumers continue optimistic about the future and plan to make major expenditures to about the same extent as last year." The survey was conducted in January and February, 1957, by the board of governors in co-operation with the Survey Research Center of the University of Michigan and included interviews with approximately 3,000 spending units in 66 sampling areas throughout the United States. A sampling unit, as defined in the Survey, consists of all related persons living together who pool their incomes. About 41 per cent of all spending units reported total incomes of $5,000 or more in 1956, compared with 36 per cent in 1955 and 26 per cent in 1952. The number of units reporting one or more types of liquid assets increased during the year. About 75 per cent of all spending units reported holding checking accounts, savings accounts, savings and loan or credit union shares, or United States Government securities early in 1957, compared with 72 per cent a year earlier. The increase was largely accounted for by spending units with total liquid assets of less than $500, as shown in the following table:

[1]Liquid assets groupings refer to holdings on Jan. 1, 1952, and at time of interviews in January, February, and early March of other years indicated.

[2]Liquid assets include all types of U. S. Government bonds, checking accounts, savings accounts in banks, postal savings, and shares in savings and loan associations and credit unions; currency is excluded.

Size of Liquid Asset Holdings[1]
(Percentage distribution of spending units)

Size of holding[2]	1957	1956	1955	1954
Zero	25	28	29	26
$1-$199	17	15	17	15
$200-$499	13	12	12	13
$500-$999	12	12	10	13
$1,000-$1,999	10	11	10	11
$2,000-$4,999	13	12	12	13
$5,000-$9,999	5	6	6	5
$10,000 and over	5	4	4	4
All cases	100	100	100	100

About 40 per cent of all spending units reported that they were better off than a year earlier; 35 per cent reported no change; 23 per cent said they were worse off than a year ago; 2 per cent reported they didn't know. According to the report, "Plans of consumers to purchase major items showed little change from early 1956. The proportion of spending units reporting that they would or might buy new or used automobiles during the year was unchanged at 16 per cent, about equally divided between new and used cars. Prospective purchasers of both new and used cars, however, reported intentions to spend somewhat more on the average than a year ago. There was a slight decline from last year in the proportion of consumers reporting plans to purchase new or existing houses during the year. A somewhat larger proportion of spending units than a year ago reported intentions to make expenditures of $50 or more on home improvements and maintenance, and the average amount that they planned to spend was substantially larger. There was little change in plans to purchase furniture and household appliances."

***"White Collar Report"*—**This is the title of a new labor-management reporting service in the field of "white collar workers" inaugurated by the Bureau of National Affairs, Inc., Washington, D. C., on March 11, 1957. While efforts by unions to organize clerical, technical, engineering, and professional personnel go back to the mid-1930's, there was not until recent organizing activities by the Office Employees International Union (AFL-CIO) any startling growth in this field. The "White Collar Report," however, now recognizes a new situation. Issue Number One reports such items as (a) a new contract covering "office employees" of Horne's, Kaufmann's, and Gimbel's department stores, Pittsburgh, Pennsylvania; (b) what is believed to be the first and thus far only contract covering employees of a bank, signed January 29, 1957, between the Illinois State Bank at Alton, Illinois, and Office Employees Local 13, which includes among other things "automatic wage progression" provisions covering a period of two years. The service, a weekly report, is available on an introductory basis at $2.00 per week or $26.00 for a period of 13 weeks. ★★★

comparative COLLECTION PERCENTAGES

February 1957 vs. February 1956

N.R.C.A. District	and Cities	Department Stores (Open Accounts)						Department Stores (Installment Accounts)						Women's Specialty Stores						Men's Clothing Stores					
		1957			1956			1957			1956			1957			1956			1957			1956		
		AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
	Boston, Mass.	41.4	51.6	32.3	39.6	32.3	33.4	11.9	17.8	6.8	11.1	14.7	6.4	—	—	—	—	—	—	—	—	—	—	—	—
	Portland, Me.	55.2	57.7	52.7	47.5	48.6	46.5	15.5	17.1	14.0	15.4	15.7	15.2	—	—	—	—	—	—	—	—	—	—	—	—
1	Providence, R. I.	40.1	41.5	38.6	42.9	46.3	41.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Springfield, Mass.	62.3	70.9	53.8	57.3	57.6	57.0	16.7	20.7	12.7	25.2	26.8	23.6	—	59.2	—	—	60.5	—	—	43.8	—	—	48.7	—
	Worcester, Mass.	—	—	—	45.9	46.3	45.5	—	—	—	16.0	18.9	13.1	—	—	—	—	53.0	—	—	—	—	—	—	—
2	New York, N. Y.	39.7	52.9	29.0	42.4	50.6	35.6	11.7	11.9	11.5	11.6	13.8	9.3	42.6	44.4	40.5	44.2	46.3	41.3	45.8	47.4	44.1	42.5	47.1	38.0
4	Birmingham, Ala.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Cincinnati, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Cleveland, Ohio	46.3	53.9	43.5	47.3	54.2	41.8	14.4	19.1	8.5	15.3	20.4	9.5	44.1	50.2	38.1	41.7	43.5	39.9	66.7	91.8	41.6	69.8	89.9	49.8
	Louisville, Ky.	49.0	50.0	48.5	50.2	52.2	48.4	14.5	15.2	13.5	17.6	18.9	16.8	39.3	43.2	35.6	43.9	44.7	43.3	44.8	51.7	38.7	47.8	55.7	40.1
5	Milwaukee, Wis.	—	—	—	58.3	61.8	47.3	—	—	—	14.8	16.9	13.8	—	—	—	51.6	56.9	46.4	—	—	—	—	—	—
	Toledo, Ohio	48.0	52.1	22.4	50.9	52.0	25.0	15.0	16.3	12.8	17.7	17.8	12.1	—	46.4	—	—	39.8	—	—	—	—	—	—	—
	Youngstown, Ohio•	—	38.4	—	—	35.0	—	—	14.2	—	—	13.8	—	—	—	—	—	—	—	—	35.9	—	—	—	—
	Ottawa, Ont.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Minneapolis, Minn.	59.9°	64.1	57.7	58.1°	63.5	53.7	15.6	17.2	14.1	14.8	16.3	13.4	46.0°	53.5°	38.4°	48.8°	61.6°	36.1°	40.7°	44.9°	38.0°	41.0°	43.3°	39.2°
7	Kansas City, Mo.	56.4	59.0	49.5	54.9	57.6	43.2	15.8	24.5	9.0	15.7	21.5	6.1	56.7	62.1	51.3	57.5	63.7	56.7	—	—	—	—	—	—
	St. Louis, Mo.	54.6	61.5	50.9	52.9	58.4	52.2	16.0	21.4	14.7	18.5	20.3	16.3	49.3	51.7	47.0	54.3	58.0	50.6	45.3	47.0	43.6	47.8	50.6	45.0
	Dallas, Texas	—	—	—	—	49.2	—	—	—	—	—	9.4	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Ft. Worth, Texas	44.7	49.5	41.3	47.5	49.1	47.0	13.3	14.9	10.5	12.6	17.5	11.4	47.3	47.4	41.2	46.5	51.1	46.0	—	—	—	—	—	—
	Houston, Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Denver, Colo.	47.9	53.6	41.0	47.7	50.9	44.4	16.1	17.2	14.2	16.5	18.0	15.8	41.8	46.4	37.2	42.5	44.4	40.7	41.8	46.4	37.2	42.5	44.4	40.7
	Salt Lake City, Utah	50.9	56.1	46.0	50.9	60.7	45.6	14.7	18.0	12.8	16.7	18.2	13.4	—	—	—	—	—	—	40.4	44.7	36.1	41.5	47.9	35.2
10	Spokane, Wash.	52.8	62.7	43.0	54.4	68.8	40.0	23.5	37.0	10.1	38.5	48.1	9.0	—	—	—	—	—	—	—	—	—	—	—	—
	Los Angeles, Calif.	57.9	61.0	40.4	54.2	68.0	38.0	—	—	—	—	—	—	—	—	—	—	—	—	47.7	68.8	40.6	47.7	61.1	38.7
	Oakland, Calif.•	55.2	55.5	41.6	52.4	52.9	35.5	17.4	19.7	14.2	14.6	18.6	13.8	60.2	62.4	58.0	52.7	54.4	53.0	—	—	—	—	—	—
11	Santa Barbara, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	San Francisco, Calif.•	47.5	63.6	40.6	47.4	63.2	41.5	16.2	18.2	14.2	15.8	17.2	13.9	42.9	45.6	40.7	44.1	49.8	38.9	42.4	54.4	38.5	41.7	50.5	36.5
	San Jose, Calif.	49.3	59.3	41.5	50.5	58.1	46.5	17.0	20.8	13.2	18.2	20.2	16.2	49.3	51.4	47.3	49.1	51.8	46.5	—	—	—	—	—	—
	Baltimore, Md.	48.3	53.7	45.7	47.9	51.9	44.1	14.4	19.6	11.0	14.9	21.7	11.0	37.2	38.3	36.0	41.2	42.5	39.6	—	45.4	—	52.0	53.0	51.0
12	Philadelphia, Pa.	36.2	41.9	29.4	38.1	41.6	31.1	10.9	16.7	8.6	10.8	18.0	8.6	44.4	48.1	39.5	43.8	50.7	36.8	—	—	—	—	—	—
	Washington, D. C.	—	—	—	44.0	45.8	42.6	—	—	—	13.6	15.1	11.2	—	—	—	—	—	—	—	—	—	—	—	4-57 A.H.H.

• Figures for January. ° Includes 30—60—90-day accounts.

Department Store Credit for January

Instalment accounts outstanding at department stores declined 4 per cent in January, when some decrease is usual, but continued above the year-ago level. January collections on instalment accounts amounted to 15 per cent, 1 point above both a month ago and a year ago. Charge accounts receivable declined seasonally in January, but at the end of the month were slightly larger than in the same month last year. The collection ratio for charge accounts increased 1 point in January to 46 per cent, which compares with 43 per cent in January 1956. Both cash and credit transactions at reporting department stores were down sharply from the December levels. Each type of sale, however, was in larger volume than in the corresponding month a year ago.—Federal Reserve Board.

Consumer Credit for January

Consumer instalment credit amounted to an estimated $31,298 million at the end of January, 1957, a decrease of $254 million during the month. This compares with January decreases of $134 million in 1956 and $52 million in 1955. The decline during January reflected decreases in each major type of instalment credit with the exception of personal loans. The principal decline, $201 million in other consumer goods paper, was largely seasonal in nature. Total short- and intermediate-term consumer credit outstanding amounted to an estimated $40,916 million at the end of January, $947 million below a month ago and $3,068 million above a year ago. Seasonally adjusted, instalment credit increased $228 million during the month, roughly the same as the monthly average increase in the fourth quarter of 1956, but nearly $100 million below the monthly average increase in the first quarter of 1956. Seasonally adjusted extensions amounted to $3,613 million, while repayments amounted to $3,385 million.—Federal Reserve Board.

LOCAL ASSOCIATION *Activities*

Austin, Texas

At the annual meeting of the Credit Executives of Austin, Austin, Texas, the following officers and directors were elected: President, Chester Ayers, J. R. Reed Music Co.; Vice President, Mrs. Jasper Jernigan, E. M. Scarbrough & Sons; Treasurer, Mrs. Betty Ryan, Davis Hardware Co.; and Secretary, Mrs. Horace B. Barnhart, Retail Merchants Association. Directors: Annie Mae Gissell, Goodfriend's; Mrs. Florine Ludwig, Calcasieu Lumber Co.; Mrs. Alice Bodoin, Yaring's; David Ribble, Allied Finance Co.; and W. T. Barnhouse, Southern Union Gas Co.

Atlanta, Georgia

At the 34th annual meeting of the Atlanta Retail Credit Association, Atlanta, Georgia, the following officers and directors were elected: President, Clem R. Fountain, Gulf Oil Corp.; First Vice President, Claude R. Gaines, Regenstein's; Second Vice President, George L. Griffeth, Rich's; Secretary-Treasurer, Frank G. Mewborn, Credit Bureau of Atlanta; and Membership Secretary, Mrs. June Darrington, Credit Bureau of Atlanta. Directors: Julian Barfield, First National Bank of Atlanta; J. H. Bolton, The Bank of Georgia; Richard H. Gaines, Davison-Paxon Co.; Eugene E. Jones, The Citizens & Southern National Bank; H. J. McGowan, Local Loan & Thrift Corp.; Mrs. Ethel North, Regenstein's; C. W. Padrick, Schneider & Son; Melba Schaupp, Zachry; F. B. Sullivan, Jr., Community Loan & Investment Corp. of Five Points; and Wallace Wingfield, Atlanta Gas Light Co.

Othello, Washington

The Othello Retail Credit Association, Othello, Washington, elected the following officers and directors for the ensuing year: President, James A. Martin, Furniture Center; Vice President, Ben C. Morgan, Potlatch Yards; Secretary, R. Hugh Warnick, The Credit Bureau; and Treasurer, Jesse Fox, Basin Tractor Co. Directors: Fritz F. Garmann, Othello Lumber Co.; Melvin J. Cyr, Pre Mix Concrete Co.; and Glenn Schreider, Peoples National Bank.

New York, New York

At the annual meeting of the Associated Retail Credit Men of New York, New York, the following officers and directors were elected: President, Joseph P. Searing, W. & J. Sloane; Vice President, John T. McCaffery, A. Sulka & Co.; and Secretary-Treasurer, R. M. Severa, Credit Bureau of Greater New York. Directors: Walter E. Baab, Stern Brothers; Philip Gleason, Saks-Fifth Avenue; John M. Hilgert, Lord & Taylor; Albert S. Kleckner, Namm-Loeser's; Harry C. Squires, Bloomingdale Bros.; George S. Watkins, Martin's; and Joseph Garcia, Bonwit Teller & Co.

Wichita, Kansas

The 1957 officers and directors of the Wichita Retail Credit Association, Wichita, Kansas, are: President, William R. Whitehead, A.B.C. Motors; First Vice President, E. Richard Goodin, Jr., Union National Bank; Second Vice President, Lawrence Wulfmeyer, Fourth National Bank; and Secretary-Treasurer, Mrs. Bernice Sharples, Buck's. Directors: Jack Hale, Innes; Herbert J. Linstedt, Pittsburgh Plate Glass; William J. Rudrauff, Consumers Acceptance Corp.; Emerson Dole, Appliance Center; Wayne Pendergast, Muellers; Jack Shields, Skelly Oil Co.; Dr. G. E. Tilton; and William Walker, Walt Keeler Co.

Johnson City, Tennessee

The new officers and directors of the Associated Credit Managers of Johnson City, Johnson City, Tennessee, are: President, Mrs. Helen Morley, Paty Lumber Co.; First Vice President, J. H. Varnell, King's; Second Vice President, M. P. Boyer, The First Peoples Bank; Third Vice President, Morrell Lacy, Hannah's; and Secretary-Treasurer, Frank Edmonds, Credit Bureau of Johnson City. Directors: R. N. Dosser, Dosser's; John Masengill, Masengill's; F. B. Hannah, Hannah's; H. H. Gregg, Gregg Electric Co.; W. F. Shurtz, Pet Dairy Products Co.; L. O. Hale, Tennessee Motor Co.; W. H. Wiley, Citizens Loan Corp.; W. F. Fine, Sterchi Bros. Stores; and Jack Miller, The Nettie Lee Shops.

Baltimore, Maryland

At its annual meeting the Retail Credit Association of Baltimore, Baltimore, Maryland, elected the following officers and directors for 1957: President, Wilmur A. Debus, Baltimore Gas & Electric Co.; Vice President, Bernard W. Huffman, C. Hoffberger Co.; Treasurer, J. Carroll Teano, Julius Gutman & Co.; and Secretary, Charles F. Roycroft, Credit Bureau of Baltimore. Directors: Robert R. Bruchey, The Hecht Co.; Fred W. Ellinghaus, The May Co.; Ellis A. Epstein, Hochschild, Kohn & Company; Robert B. Thomas, Hutzler Brothers Co.; and John R. Murphy, Isaac Hamburger & Sons.

Roseburg, Oregon

The new officers of the Retail Credit Association of Douglas County, Roseburg, Oregon, are: President, Vern Perry, Douglas Community Hospital; Vice President, Roy Lafon, Moore Steel Service Co.; Treasurer, Daynise Beach, Millers Dept. Store; and Secretary, Gordon Stewart, Douglas Credit Bureau.

PROGRAM Suggestions . . . FOR LOCAL ASSOCIATIONS

Workshop at Rochester, New York

THE ROCHESTER Retail Credit Association offered a practical "workshop" session at the regular monthly dinner meeting, February 20, 1957, held at the Sheraton Hotel, Rochester, New York. The meeting was devoted to a two-hour course on the "Mechanics of Credit."

Normally the Association meeting attracts between 50 and 60 people but this meeting caused over 170 to turn out. It was the largest regular meeting of the Association in its history. This gives validity to the fact that credit association meetings should be devoted to credit education. It is the general experience that a planned program of discussion and explanation of the fundamental principles and sound procedures of everyday credit and collection matters will attract many members who would not bother to come otherwise.

The Rochester meeting dealt with the detailed operation of the Credit Bureau, the mechanics of credit information interchange, and the need for close cooperation, and brought out the various ways in which bureau members can help the bureau to give better service. The necessity of regarding credit information as highly confidential was stressed. Suggested procedures in filing ledger information were explained. The value in collections of reporting past-due accounts to the bureau was emphasized.

While the meeting was advertised as being elementary in that it was aimed primarily at the younger and newer people in credit offices, the sponsors were surprised and delighted at the large number of experienced and veteran credit managers who attended. This proves the point that conditions are changing so rapidly in these fast-moving days that constant study and education are essential even for those who have been in the business for a long time.

The Rochester Retail Credit Association is currently engaged in a membership campaign and it is reported that this meeting will be productive of a large number of new local and National members. It is significant that more nonmembers than members attended the meeting and several expressed their intention of joining the Association, remarking that nowhere else could such valuable and practical information concerning retail credit be obtained.

Reading from left to right in the picture below, are: Robert J. Walsh, secretary-treasurer, Credit Bureau of Rochester; Jack M. Milligan, second vice president, Lincoln Rochester Trust Company; James V. Nolan, first vice president, Rochester Gas and Electric Company; and George E. Leadley, president, Rochester Credit Men's Service Corporation.

Members Revitalize Organization

MEMBER PARTICIPATION was the tonic that revitalized the Associated Retail Credit Men of St. Louis, St. Louis, Missouri. When our President, A. G. Wepfer, appointed me as program chairman, he suggested we give some thought to planning more constructive meetings.

First, the members were asked to submit topics and speakers for future meetings. The response indicated many subjects of general interest as well as those dealing specifically with credit problems. They proved to be the basis upon which a successful program was built.

The problem of a program chairman in an organization that meets weekly is to secure a capable speaker on an interesting subject every week. We decided that rather than functioning as one "Committee of Fifteen," we could accomplish our purpose by working as 15 "Committees of One." Each man on the program committee took complete responsibility for planning three meetings.

Thus, each of the 15 men and women could utilize his or her personal and business contacts to the greatest extent. Our budget includes a small allowance for paying speakers but so far we have secured excellent speakers without charge. The head of the Department of Economics of St. Louis University spoke on "A Review of Economic Prospects for 1957." The Executive Secretary of the Missouri Consumer Finance Corporation spoke on "Consumer Credit." The Educational Director of the ACBofA gave an interesting talk on "Your Credit Bureau, Today and Tomorrow." These are a few of the many speakers we have been able to obtain. No one man or woman on the committee could have done it alone; together, we make our weekly meetings something to look forward to.

We also adopted a new system of publicizing our program. Previously, postal cards had been sent out a few days in advance of each meeting, announcing the topic and the speaker. Now we send out a mimeographed letter listing speakers and subjects for each three-week period; thus, members can plan ahead to attend those meetings which hold the greatest interest for them. And they *do* attend and all the members had a part in it.—Harold Payne, Angelica Uniform Company, St. Louis, Missouri.

The Direct Inquiry and The Consent Decree

THE NATIONAL OFFICE receives, from time to time, requests to explain the meaning of "Direct Inquiry."

A "direct inquiry" is any inquiry for credit information *to be used for the extension of consumer credit* made by:

(a) Any credit granter to any other credit granter.

(b) Any credit bureau to any credit granter except by an ACBofA credit bureau to its own members.

A "credit granter" is defined as meaning "any person who sells or otherwise furnishes consumer goods or services on credit."

This definition dispels past uncertainty as to just what is meant by the term "direct inquiry." It eliminates inquiries from such sources as attorneys, collection and detective agencies, skip tracers and others who have no legitimate interest in the extension of consumer credit.

The Court order of October 19, 1953, restrains two or more credit granters from making an agreement among themselves or with any credit bureau that they will refuse to answer direct inquiries or refer such inquiries to the Credit Bureau.

Each credit granter shall determine individually and for himself, and without any agreement or understanding, written, oral, or otherwise, with any other credit granter or with any credit bureau, whether to furnish credit information in response to any direct inquiry.

In other words, each credit granter has the right to handle direct inquiries in accordance with his own established policy so long as he does not enter into any agreement or understanding with any other credit granter or credit bureau as to what action he will take.

L. S. Crowder

General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION